

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 868 Session of
1993

INTRODUCED BY D. W. SNYDER, LESCOVITZ, PISTELLA, MERRY,
BATTISTO, DALEY, BROWN AND PETTIT, MARCH 23, 1993

SENATOR TILGHMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, JUNE 14, 1994

AN ACT

1 ~~Repealing certain acts relating to collection of taxes.~~ <—
2 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <—
3 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
4 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
5 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
6 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
7 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
8 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
9 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
10 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
11 PENALTIES," FURTHER DEFINING "MANUFACTURE" FOR SALES TAX
12 PURPOSES; EXCLUDING MAGAZINE SUBSCRIPTIONS AND CERTAIN OFFICE
13 BUILDING CLEANING SERVICES FROM SALES AND USE TAX; PROVIDING
14 SPECIFIC SITUS PROVISIONS FOR LOCAL SALES TAX COLLECTION;
15 FURTHER PROVIDING FOR SPECIAL TAX PROVISIONS FOR POVERTY AND
16 FOR PENNSYLVANIA S CORPORATIONS; REQUIRING ALL EMPLOYERS TO
17 WITHHOLD WAGE TAXES LEVIED BY CITIES OF THE FIRST CLASS;
18 FURTHER PROVIDING FOR THE TAXATION OF BUSINESS TRUSTS, FOR
19 LOSS CARRYFORWARD AND FOR THE RATE OF CORPORATE NET INCOME
20 TAX; REPEALING CORPORATE NET INCOME TAX REVENUE ALLOCATIONS
21 TO THE INDUSTRIAL DEVELOPMENT FUND; FURTHER DEFINING "CAPITAL
22 STOCK VALUE" FOR CAPITAL STOCK AND FRANCHISE TAX PURPOSES;
23 FURTHER PROVIDING FOR THE BANK SHARES TAX, FOR THE
24 ALTERNATIVE BANK SHARES TAX AND FOR THE TAX ON TITLE
25 INSURANCE COMPANIES; PROVIDING FOR THE DISCLOSURE OF CERTAIN
26 GROSS RECEIPTS TAXES; EXCLUDING TRANSFERS TO FAMILY FARM
27 PARTNERSHIPS; PROVIDING FOR THE IMPOSITION OF A TAX ON THE
28 GROSS RECEIPTS OF VEHICLE RENTAL COMPANIES RENTING PRIVATE
29 PASSENGER MOTOR VEHICLES AND FOR THE COLLECTION AND
30 DISPOSITION OF THE TAX REVENUES; PROVIDING A TAX CREDIT TO
31 CERTAIN BUSINESS FIRMS WHO CONTRIBUTE TO NEIGHBORHOOD

1 ORGANIZATIONS AND WHOSE ACTIVITIES TEND TO UPGRADE
2 IMPOVERISHED AREAS; FURTHER PROVIDING FOR MALT BEVERAGE
3 LIMITED TAX CREDIT; EXEMPTING SPOUSAL TRANSFERS FROM
4 INHERITANCE TAXATION; PROVIDING FOR THE TAXATION OF CERTAIN
5 SPOUSAL TRUSTS; PROVIDING FOR A TRANSPORTATION ASSISTANCE
6 FUND; IMPOSING ADDITIONAL POWERS AND DUTIES ON THE DEPARTMENT
7 OF REVENUE; AND MAKING REPEALS.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 ~~Section 1. The following acts are repealed:~~ <—

11 SECTION 1. SECTION 201(C) OF THE ACT OF MARCH 4, 1971 <—
12 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED
13 AUGUST 4, 1991 (P.L.97, NO.22), IS AMENDED TO READ:

14 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
15 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING
16 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
17 CLEARLY INDICATES A DIFFERENT MEANING:

18 * * *

19 (C) "MANUFACTURE." THE PERFORMANCE OF MANUFACTURING,
20 FABRICATING, COMPOUNDING, PROCESSING OR OTHER OPERATIONS,
21 ENGAGED IN AS A BUSINESS, WHICH PLACE ANY TANGIBLE PERSONAL
22 PROPERTY IN A FORM, COMPOSITION OR CHARACTER DIFFERENT FROM THAT
23 IN WHICH IT IS ACQUIRED WHETHER FOR SALE OR USE BY THE
24 MANUFACTURER, AND SHALL INCLUDE, BUT NOT BE LIMITED TO--

25 (1) EVERY OPERATION COMMENCING WITH THE FIRST PRODUCTION
26 STAGE AND ENDING WITH THE COMPLETION OF TANGIBLE PERSONAL
27 PROPERTY HAVING THE PHYSICAL QUALITIES (INCLUDING PACKAGING, IF
28 ANY, PASSING TO THE ULTIMATE CONSUMER) WHICH IT HAS WHEN
29 TRANSFERRED BY THE MANUFACTURER TO ANOTHER;

30 (2) THE PUBLISHING OF BOOKS, NEWSPAPERS, MAGAZINES AND OTHER
31 PERIODICALS AND PRINTING;

32 (3) REFINING, BLASTING, EXPLORING, MINING AND QUARRYING FOR,
33 OR OTHERWISE EXTRACTING FROM THE EARTH OR FROM WASTE OR STOCK

1 PILES OR FROM PITS OR BANKS ANY NATURAL RESOURCES, MINERALS AND
2 MINERAL AGGREGATES INCLUDING BLAST FURNACE SLAG;

3 (4) BUILDING, REBUILDING, REPAIRING AND MAKING ADDITIONS TO,
4 OR REPLACEMENTS IN OR UPON VESSELS DESIGNED FOR COMMERCIAL USE
5 OF REGISTERED TONNAGE OF FIFTY TONS OR MORE WHEN PRODUCED UPON
6 SPECIAL ORDER OF THE PURCHASER, OR WHEN REBUILT, REPAIRED OR
7 ENLARGED, OR WHEN REPLACEMENTS ARE MADE UPON ORDER OF, OR FOR
8 THE ACCOUNT OF THE OWNER;

9 (5) RESEARCH HAVING AS ITS OBJECTIVE THE PRODUCTION OF A NEW
10 OR AN IMPROVED (I) PRODUCT OR UTILITY SERVICE, OR (II) METHOD OF
11 PRODUCING A PRODUCT OR UTILITY SERVICE, BUT IN EITHER CASE NOT
12 INCLUDING MARKET RESEARCH OR RESEARCH HAVING AS ITS OBJECTIVE
13 THE IMPROVEMENT OF ADMINISTRATIVE EFFICIENCY.

14 (6) REMANUFACTURE FOR WHOLESALE DISTRIBUTION BY A
15 REMANUFACTURER OF MOTOR VEHICLE PARTS FROM USED PARTS ACQUIRED
16 IN BULK BY THE REMANUFACTURER USING AN ASSEMBLY LINE PROCESS
17 WHICH INVOLVES THE COMPLETE DISASSEMBLY OF SUCH PARTS AND
18 INTEGRATION OF THE COMPONENTS OF SUCH PARTS WITH OTHER USED OR
19 NEW COMPONENTS OF PARTS, INCLUDING THE SALVAGING, RECYCLING OR
20 RECLAIMING OF USED PARTS BY THE REMANUFACTURER.

21 (7) REMANUFACTURE OR RETROFIT BY A MANUFACTURER OR
22 REMANUFACTURER OF AIRCRAFT, ARMORED VEHICLES, OTHER DEFENSE-
23 RELATED VEHICLES HAVING A FINISHED VALUE OF AT LEAST FIFTY
24 THOUSAND DOLLARS (\$50,000). REMANUFACTURE OR RETROFIT INVOLVES
25 THE DISASSEMBLY OF SUCH AIRCRAFT, VEHICLES, PARTS OR COMPONENTS,
26 INCLUDING ELECTRIC OR ELECTRONIC COMPONENTS, THE INTEGRATION OF
27 THOSE PARTS AND COMPONENTS WITH OTHER USED OR NEW PARTS OR
28 COMPONENTS, INCLUDING THE SALVAGING, RECYCLING OR RECLAIMING OF
29 THE USED PARTS OR COMPONENTS AND THE ASSEMBLY OF THE NEW OR USED
30 AIRCRAFT, VEHICLES, PARTS OR COMPONENTS. FOR PURPOSES OF THIS

1 CLAUSE, THE FOLLOWING TERMS OR PHRASES HAVE THE FOLLOWING
2 MEANINGS:

3 (I) "AIRCRAFT" MEANS FIXED WING AIRCRAFT, HELICOPTERS,
4 POWERED AIRCRAFT, TILT-ROTOR OR TILT-WING AIRCRAFT, UNMANNED
5 AIRCRAFT AND GLIDERS;

6 (II) "ARMORED VEHICLES" MEANS TANKS, ARMED PERSONNEL
7 CARRIERS AND ALL OTHER ARMED TRACK OR SEMI-TRACK VEHICLES; OR

8 (III) "OTHER DEFENSE-RELATED VEHICLES" MEANS TRUCKS, TRUCK-
9 TRACTORS, TRAILERS, JEEPS AND OTHER UTILITY VEHICLES, INCLUDING
10 ANY UNMANNED VEHICLES.

11 THE TERM "MANUFACTURE," SHALL NOT INCLUDE CONSTRUCTING,
12 ALTERING, SERVICING, REPAIRING OR IMPROVING REAL ESTATE OR
13 REPAIRING, SERVICING OR INSTALLING TANGIBLE PERSONAL PROPERTY,
14 NOR THE COOKING, FREEZING OR BAKING OF FRUITS, VEGETABLES,
15 MUSHROOMS, FISH, SEAFOOD, MEATS, POULTRY OR BAKERY PRODUCTS.

16 * * *

17 SECTION 2. SECTION 204 OF THE ACT IS AMENDED BY ADDING
18 CLAUSES TO READ:

19 SECTION 204. EXCLUSIONS FROM TAX.--THE TAX IMPOSED BY
20 SECTION 202 SHALL NOT BE IMPOSED UPON

21 * * *

22 (50) THE SALE AT RETAIL OR USE OF SUBSCRIPTIONS FOR
23 MAGAZINES. THE TERM "MAGAZINE" REFERS TO A PERIODICAL PUBLISHED
24 AT REGULAR INTERVALS NOT EXCEEDING THREE MONTHS AND WHICH ARE
25 CIRCULATED AMONG THE GENERAL PUBLIC, CONTAINING MATTERS OF
26 GENERAL INTEREST AND REPORTS OF CURRENT EVENTS PUBLISHED FOR THE
27 PURPOSE OF DISSEMINATING INFORMATION OF A PUBLIC CHARACTER OR
28 DEVOTED TO LITERATURE, THE SCIENCES, ART OR SOME SPECIAL
29 INDUSTRY. THIS EXCLUSION SHALL ALSO INCLUDE ANY PRINTED
30 ADVERTISING MATERIAL CIRCULATED WITH THE PERIODICAL OR

1 PUBLICATION REGARDLESS OF WHERE OR BY WHOM THE PRINTED
2 ADVERTISING MATERIAL WAS PRODUCED.

3 (51) THE SALE AT RETAIL OR USE OF INTERIOR OFFICE BUILDING
4 CLEANING SERVICES BUT ONLY AS RELATES TO THE COSTS OF THE
5 SUPPLIED EMPLOYE, WHICH COSTS ARE WAGES, SALARIES, BONUSES AND
6 COMMISSIONS, EMPLOYMENT BENEFITS, EXPENSE REIMBURSEMENTS, AND
7 PAYROLL AND WITHHOLDING TAXES, TO THE EXTENT THAT THESE COSTS
8 ARE SPECIFICALLY ITEMIZED OR THAT THESE COSTS IN AGGREGATE ARE
9 STATED IN BILLINGS FROM THE VENDER OR SUPPLYING ENTITY.

10 SECTION 3. SECTION 208(B.1) OF THE ACT, AMENDED AUGUST 4,
11 1991 (P.L.97, NO.22), IS AMENDED TO READ:

12 SECTION 208. LICENSES.--* * *

13 (B.1) IF AN APPLICANT FOR A LICENSE OR ANY PERSON HOLDING A
14 LICENSE HAS NOT FILED ALL REQUIRED STATE TAX REPORTS AND PAID
15 ANY STATE TAXES NOT SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE
16 OR JUDICIAL APPEAL OR SUBJECT TO A DULY AUTHORIZED DEFERRED
17 PAYMENT PLAN, THE DEPARTMENT MAY REFUSE TO ISSUE, MAY SUSPEND OR
18 MAY REVOKE SAID LICENSE. THE DEPARTMENT SHALL NOTIFY THE
19 APPLICANT OR LICENSEE OF ANY REFUSAL, SUSPENSION OR REVOCATION.
20 SUCH NOTICE SHALL BE MADE BY FIRST CLASS MAIL. AN APPLICANT OR
21 LICENSEE AGGRIEVED BY THE DETERMINATION OF THE DEPARTMENT MAY
22 FILE AN APPEAL PURSUANT TO THE PROVISIONS FOR ADMINISTRATIVE
23 APPEALS IN THIS ARTICLE. IN THE CASE OF A SUSPENSION OR
24 REVOCATION WHICH IS APPEALED, THE LICENSE SHALL REMAIN VALID
25 PENDING A FINAL OUTCOME OF THE APPEALS PROCESS.

26 * * *

27 SECTION 4. SECTION 281.2(B) OF THE ACT, ADDED DECEMBER 13,
28 1991 (P.L.373, NO.40), IS AMENDED AND THE SECTION IS AMENDED BY
29 ADDING A SUBSECTION TO READ:

30 SECTION 281.2. TRANSFERS TO PUBLIC TRANSPORTATION ASSISTANCE

1 FUND.--* * *

2 (B) WITHIN 30 DAYS OF THE CLOSE OF ANY CALENDAR MONTH, .44
3 PER CENT (.0044) OF THE TAXES RECEIVED IN THE PREVIOUS MONTH
4 UNDER THIS ARTICLE, LESS ANY AMOUNTS COLLECTED IN THAT PREVIOUS
5 CALENDAR MONTH UNDER FORMER 74 PA.C.S. § 1314(D) (RELATING TO
6 PUBLIC ASSISTANCE TRANSPORTATION FUND), SHALL BE TRANSFERRED TO
7 THE PUBLIC [ASSISTANCE] TRANSPORTATION ASSISTANCE FUND
8 ESTABLISHED UNDER [74 PA.C.S. § 1314(A)] ARTICLE XXIII.

9 * * *

10 (D) WITHIN 30 DAYS OF THE CLOSE OF ANY CALENDAR MONTH, .09
11 PER CENT (.0009) OF THE TAXES RECEIVED IN THE PREVIOUS MONTH
12 UNDER THIS ARTICLE SHALL BE TRANSFERRED TO THE PUBLIC
13 TRANSPORTATION ASSISTANCE FUND ESTABLISHED UNDER ARTICLE XXIII.

14 SECTION 5. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

15 ARTICLE II-A

16 SPECIAL SITUS FOR LOCAL SALES TAX

17 SECTION 201-A. SITUS OF LOCAL SALES TAX ON CERTAIN LEASED OR
18 RENTAL VEHICLES OR CRAFTS.--(A) FOR PURPOSES OF THIS ARTICLE
19 ONLY, THE LEASE OF A MOTOR VEHICLE, TRAILER, SEMITRAILER OR
20 MOBILEHOME, AS DEFINED IN 75 PA.C.S. (RELATING TO VEHICLES), OR
21 OF A MOTORBOAT, AIRCRAFT OR OTHER SIMILAR TANGIBLE PERSONAL
22 PROPERTY, REQUIRED UNDER EITHER FEDERAL OR STATE LAWS TO BE
23 REGISTERED OR LICENSED, SHALL BE DEEMED TO HAVE BEEN COMPLETED
24 OR USED AT THE ADDRESS OF THE LESSEE. IN THE CASE OF A LEASE THE
25 TAX SHALL BE PAID BY THE LESSEE TO THE LESSOR.

26 (B) FOR PURPOSES OF THIS ARTICLE ONLY, THE RENTAL OF A MOTOR
27 VEHICLE, TRAILER, SEMITRAILER OR MOBILEHOME, AS DEFINED IN 75
28 PA.C.S. OR OF A MOTORBOAT, AIRCRAFT OR OTHER SIMILAR TANGIBLE
29 PERSONAL PROPERTY, REQUIRED UNDER EITHER FEDERAL OR STATE LAWS
30 TO BE REGISTERED OR LICENSED, SHALL BE DEEMED TO BE CONSUMMATED

1 AT THE PLACE OF BUSINESS OF THE RETAILER. IN THE CASE OF A
2 RENTAL THE TAX DUE SHALL BE PAID BY THE RENTER TO THE RETAILER.

3 (C) THIS ARTICLE SHALL ONLY APPLY TO ANY SALES TAX IMPOSED
4 UNDER ARTICLE XXXI-B OF THE ACT OF JULY 28, 1953 (P.L.723,
5 NO.230), KNOWN AS THE "SECOND CLASS COUNTY CODE" AND UNDER THE
6 ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN AS THE "PENNSYLVANIA
7 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE
8 FIRST CLASS."

9 (D) FOR PURPOSES OF THIS ARTICLE ONLY, "LEASE" SHALL MEAN A
10 CONTRACT FOR THE USE OF A MOTOR VEHICLE OR OTHER TANGIBLE
11 PERSONAL PROPERTY REFERRED TO IN SUBSECTION (A) FOR A PERIOD OF
12 THIRTY DAYS OR MORE. "RENTAL" SHALL MEAN A CONTRACT FOR THE USE
13 OF A MOTOR VEHICLE OR OTHER TANGIBLE PERSONAL PROPERTY REFERRED
14 TO IN SUBSECTION (B) FOR A PERIOD OF LESS THAN THIRTY DAYS.

15 SECTION 6. SECTION 301 OF THE ACT IS AMENDED BY ADDING A
16 CLAUSE TO READ:

17 SECTION 301. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
18 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
19 ASCRIBED TO THEM IN THIS SECTION EXCEPT WHERE THE CONTEXT
20 CLEARLY INDICATES A DIFFERENT MEANING. ANY REFERENCE IN THIS
21 ARTICLE TO THE INTERNAL REVENUE CODE SHALL INCLUDE THE INTERNAL
22 REVENUE CODE OF 1954, AS AMENDED TO THE DATE ON WHICH THIS
23 ARTICLE IS EFFECTIVE:

24 * * *

25 (D.1) "CORPORATION," AS USED IN THE DEFINITION OF A "SMALL
26 CORPORATION" IN THIS SECTION AND FOR PURPOSES OF APPLYING THE
27 PROVISIONS OF SECTION 303(A) WITH RESPECT TO A "REORGANIZATION"
28 AS DEFINED IN THAT SECTION, THE TERM "CORPORATION" SHALL INCLUDE
29 A BUSINESS TRUST TO WHICH 15 PA.C.S. CH. 95 (RELATING TO
30 BUSINESS TRUSTS) APPLIES AND THAT FOR FEDERAL INCOME TAX

PURPOSES IS TAXABLE AS A CORPORATION. THE TERM DOES NOT INCLUDE:

(1) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS A REAL ESTATE INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL REVENUE CODE OR A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OR ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE, ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARIES. A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE SHALL BE TREATED AS PART OF THE REAL ESTATE INVESTMENT TRUST THAT OWNS ALL OF THE STOCK OF THE QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY.

(2) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS A REGULATED INVESTMENT COMPANY UNDER SECTION 851 OF THE INTERNAL REVENUE CODE AND IS REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE INVESTMENT COMPANY ACT OF 1940 OR ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE, ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS OF REGULATED INVESTMENT COMPANIES.

* * *

SECTION 7. SECTION 304(D)(1) OF THE ACT, AMENDED DECEMBER 13, 1991 (P.L.373, NO.40), IS AMENDED TO READ:

SECTION 304. SPECIAL TAX PROVISIONS FOR POVERTY.--* * *

(D) ANY CLAIM FOR SPECIAL TAX PROVISIONS HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

(1) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE TAXABLE YEAR IS SIX THOUSAND THREE HUNDRED DOLLARS (\$6,300) OR

1 LESS, THE CLAIMANT SHALL BE ENTITLED TO A REFUND OR FORGIVENESS
2 OF ANY MONEYS WHICH HAVE BEEN PAID OVER TO (OR WOULD EXCEPT FOR
3 THE PROVISIONS OF THIS ACT BE PAYABLE TO) THE COMMONWEALTH UNDER
4 THE PROVISIONS OF THIS ARTICLE, WITH AN ADDITIONAL INCOME
5 ALLOWANCE OF [ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500)] THREE
6 THOUSAND DOLLARS (\$3,000) FOR THE FIRST ADDITIONAL DEPENDENT AND
7 AN ADDITIONAL INCOME ALLOWANCE OF [ONE THOUSAND DOLLARS
8 (\$1,000)] THREE THOUSAND DOLLARS (\$3,000) FOR EACH ADDITIONAL
9 DEPENDENT OF THE CLAIMANT.

10 * * *

11 SECTION 8. SECTION 324 OF THE ACT, ADDED AUGUST 4, 1991
12 (P.L.97, NO.22), IS AMENDED TO READ:

13 SECTION 324. GENERAL RULE.--WHEN A PARTNERSHIP, ASSOCIATION
14 OR PENNSYLVANIA S CORPORATION RECEIVES INCOME FROM SOURCES
15 WITHIN THIS COMMONWEALTH FOR ANY TAXABLE YEAR AND ANY PORTION OF
16 SUCH INCOME IS ALLOCABLE TO A NONRESIDENT PARTNER, MEMBER OR
17 SHAREHOLDER THEREOF, SUCH PARTNERSHIP, ASSOCIATION OR
18 PENNSYLVANIA S CORPORATION SHALL PAY A WITHHOLDING TAX UNDER
19 THIS SECTION AT SUCH TIME AND IN SUCH MANNER AS THE DEPARTMENT
20 SHALL PRESCRIBE; HOWEVER, NOTWITHSTANDING ANY OTHER PROVISION OF
21 THIS ARTICLE, ALL SUCH WITHHOLDING TAX SHALL BE PAID OVER
22 [WITHIN THIRTY DAYS] ON OR BEFORE THE FIFTEENTH DAY OF THE
23 FOURTH MONTH FOLLOWING THE END OF THE TAXABLE YEAR.

24 SECTION 9. SECTION 359 OF THE ACT, AMENDED DECEMBER 21, 1977
25 (P.L.330, NO.98), IS AMENDED TO READ:

26 SECTION 359. SAVING CLAUSE AND LIMITATIONS.--(A)
27 NOTWITHSTANDING ANYTHING CONTAINED IN ANY LAW TO THE CONTRARY,
28 INCLUDING BUT NOT LIMITED TO THE PROVISIONS OF THE ACT OF AUGUST
29 5, 1932 (SP.SESS., P.L.45, NO.45), REFERRED TO AS THE STERLING
30 ACT, THE VALIDITY OF ANY ORDINANCE OR PART OF ANY ORDINANCE OR

1 ANY RESOLUTION OR PART OF ANY RESOLUTION, AND ANY AMENDMENTS OR
2 SUPPLEMENTS THERETO NOW OR HEREAFTER ENACTED OR ADOPTED BY ANY
3 POLITICAL SUBDIVISION OF THIS COMMONWEALTH FOR OR RELATING TO
4 THE IMPOSITION, LEVY OR COLLECTION OF ANY TAX, SHALL NOT BE
5 AFFECTED OR IMPAIRED BY ANYTHING CONTAINED IN THIS ARTICLE,
6 EXCEPT AS HEREINAFTER PROVIDED IN SUBSECTION (B) OF THIS
7 SECTION.

8 (B) (1) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A) OF
9 THIS SECTION TO THE CONTRARY, ANY RATE OF TAX IMPOSED BY
10 ORDINANCE OF A CITY OF THE FIRST CLASS PURSUANT TO THE ABOVE
11 CITED STERLING ACT ON SALARIES, WAGES, COMMISSIONS, COMPENSATION
12 OR OTHER INCOME RECEIVED OR TO BE RECEIVED FOR WORK DONE OR
13 SERVICES PERFORMED WITHIN SUCH CITY BY PERSONS WHO ARE NOT LEGAL
14 RESIDENTS OF SUCH CITY, SHALL NOT, EXCEPT AS HEREINAFTER
15 PROVIDED, EXCEED THE TAX IMPOSITION RATE OF FOUR AND FIVE-
16 SIXTEENTHS PER CENT FOR THE TAX YEAR 1977 OR FOR ANY TAX YEAR
17 THEREAFTER.

18 (2) IN THE EVENT SUCH CITY BY ORDINANCE IMPOSES A TAX RATE
19 ON RESIDENTS OR NONRESIDENTS IN EXCESS OF THE AFORESAID TAX RATE
20 ON THE INCOME CATEGORIES ENUMERATED HEREIN, THE PROVISIONS OF
21 THE ORDINANCE IMPOSING SUCH TAX RATE INCREASE ON INCOME OF
22 PERSONS WHO ARE LEGAL RESIDENTS OF SUCH CITY, SHALL BE DEEMED
23 VALID AND LEGALLY EFFECTIVE WITHIN THE MEANING AND APPLICATION
24 OF SUBSECTION (A) HEREIN. BUT THE PROVISIONS OF SUCH ORDINANCE
25 IMPOSING A TAX RATE IN EXCESS OF FOUR AND FIVE-SIXTEENTHS PER
26 CENT WITH RESPECT TO PERSONS WHO ARE NOT LEGAL RESIDENTS OF SUCH
27 CITY SHALL BE DEEMED SUSPENDED AND WITHOUT ANY VALIDITY TO THE
28 EXTENT THAT SUCH TAX RATE EXCEEDS THE TAX RATE OF FOUR AND FIVE-
29 SIXTEENTHS PER CENT ON INCOME OF SUCH NONRESIDENTS. AND, SUCH
30 EXCESS TAX RATE PROVISIONS SHALL REMAIN SUSPENDED AND WITHOUT

1 ANY VALIDITY UNTIL SUCH DATE AS THE CITY OF THE FIRST CLASS, BY
2 ORDINANCE, IMPOSES A RATE OF TAX ON INCOME OF BOTH LEGAL
3 RESIDENTS OR NONRESIDENTS OF SUCH CITY IN EXCESS OF THE TAX RATE
4 IMPOSITION OF FIVE AND THREE-FOURTHS PER CENT PER YEAR. IN SUCH
5 CASE THE LEGISLATURE HEREBY DECLARES SUCH SUSPENSION TO BE
6 REMOVED AND THE TAX RATE VALID AS TO NONRESIDENTS, PROVIDED,
7 HOWEVER, THAT SUCH SUSPENSION IS REMOVED AND THE RATE DEEMED
8 VALID ONLY TO THE EXTENT THE TAX RATE IMPOSED ON INCOME OF SUCH
9 NONRESIDENTS DOES NOT EXCEED SEVENTY-FIVE PER CENT OF THE TAX
10 RATE IMPOSED BY ORDINANCE PER YEAR ON THE INCOME OF LEGAL
11 RESIDENTS OF SUCH CITY. IT IS THE INTENTION OF THE LEGISLATURE
12 BY THIS SUBSECTION TO IMPOSE CERTAIN TERMS AND CONDITIONS WITH
13 RESPECT TO THE VALIDITY AND LEGAL EFFECTIVENESS OF THE STERLING
14 ACT OR OF ANY ORDINANCE OF THE CITY OF THE FIRST CLASS ENACTED
15 PURSUANT THERETO WHICH IMPOSES A TAX ON THE INCOME OF
16 NONRESIDENTS OF SUCH CITY.

17 (3) NOTWITHSTANDING THE SUSPENSION PROVISIONS SET FORTH
18 HERETOFORE, EACH CITY OF THE FIRST CLASS WHICH IMPOSES A TAX
19 PURSUANT TO THE ABOVE CITED STERLING ACT SHALL, BY ORDINANCE
20 DIRECT EVERY EMPLOYER MAINTAINING AN OFFICE OR TRANSACTING
21 BUSINESS WITHIN SUCH CITY AND MAKING PAYMENT OF COMPENSATION (I)
22 TO A RESIDENT INDIVIDUAL, OR (II) TO A NONRESIDENT INDIVIDUAL
23 TAXPAYER PERFORMING SERVICES ON BEHALF OF SUCH EMPLOYER WITHIN
24 SUCH CITY, SHALL DEDUCT AND WITHHOLD FROM SUCH COMPENSATION FOR
25 EACH PAYROLL PERIOD A TAX COMPUTED IN SUCH MANNER AS TO RESULT,
26 SO FAR AS PRACTICABLE, IN WITHHOLDING FROM THE EMPLOYEE'S
27 COMPENSATION DURING EACH CALENDAR YEAR AN AMOUNT SUBSTANTIALLY
28 EQUIVALENT TO THE TAX REASONABLY ESTIMATED TO BE DUE FOR SUCH
29 YEAR WITH RESPECT TO SUCH COMPENSATION. THE METHOD OF
30 DETERMINING THE AMOUNT TO BE WITHHELD SHALL BE TO WITHHOLD THE

HIGHEST AMOUNT OF TAX IMPOSED WITH PROVISION IN SUCH ORDINANCE
TO PROVIDE REFUNDS OF THE EXCESS TAX WITHHELD TO QUALIFIED
NONRESIDENT TAXPAYERS WITHIN FOUR MONTHS OF THE END OF EACH
CALENDAR YEAR.

(4) IN THE EVENT THAT ALL OR ANY PART OF THE PROVISIONS OF
SUBSECTION (B) OF THIS SECTION ARE DECLARED BY A COURT TO BE
UNCONSTITUTIONAL, IT SHALL BE THE DUTY OF THE COURT TO CONSTRUE
THE REMAINING AMENDATORY PROVISIONS TO ARTICLE III IN ACCORDANCE
WITH SECTION 358.

(C) (1) EVERY EMPLOYER HAVING A PLACE OF BUSINESS WITHIN
THIS COMMONWEALTH WHO EMPLOYS ONE OR MORE PERSONS WHO ARE
RESIDENTS OF A CITY OF THE FIRST CLASS SHALL, WITHIN THIRTY DAYS
AFTER BECOMING SUCH AN EMPLOYER, REGISTER WITH THE REVENUE
COMMISSIONER OF A CITY OF THE FIRST CLASS THE EMPLOYER'S NAME
AND ADDRESS AND SUCH OTHER INFORMATION AS THE REVENUE
COMMISSIONER MAY REQUIRE.

(2) EVERY EMPLOYER HAVING A PLACE OF BUSINESS WITHIN THIS
COMMONWEALTH WHO EMPLOYS ONE OR MORE PERSONS WHO ARE RESIDENTS
OF A CITY OF THE FIRST CLASS SHALL DEDUCT FROM THE SALARY,
WAGES, COMMISSIONS OR COMPENSATION DUE THAT PERSON, AT THE TIME
OF PAYMENT THEREOF, THE TAX IMPOSED BY THE CITY OF THE FIRST
CLASS ON ANY SALARY, WAGE, COMMISSION OR OTHER COMPENSATION DUE
THAT EMPLOYEE.

(3) EMPLOYERS REQUIRED TO WITHHOLD TAXES UNDER THE
PROVISIONS OF THIS SUBSECTION SHALL CALCULATE THE AMOUNT OF
SALARY, WAGES, COMMISSIONS AND COMPENSATION OF EMPLOYEES AS
DETERMINED UNDER THE CLASSES OF INCOME SET FORTH IN SECTION 303
OF THIS ARTICLE.

(4) EVERY EMPLOYER EMPLOYING ONE OR MORE PERSONS WHO ARE
RESIDENTS OF A CITY OF THE FIRST CLASS WHO PAY ANY TAX IMPOSED

1 UNDER THIS ARTICLE SHALL FILE A RETURN AND PAY TO THE REVENUE
2 COMMISSIONER THE AMOUNT OF TAXES DEDUCTED AS PROVIDED UNDER
3 CLAUSE (3) OF THIS SUBSECTION. THE RETURN SHALL BE ON A FORM OR
4 FORMS FURNISHED BY THE REVENUE COMMISSIONER, AND SHALL SET FORTH
5 THE NAMES AND RESIDENCES OF EACH EMPLOYE OF THAT EMPLOYER DURING
6 ALL OR ANY PART OF THE PERIOD COVERED BY THE RETURN, THE AMOUNTS
7 OF SALARIES, WAGES, COMMISSIONS OR OTHER COMPENSATION EARNED
8 DURING SUCH PERIOD BY EACH EMPLOYE, TOGETHER WITH SUCH OTHER
9 INFORMATION AS THE REVENUE COMMISSIONER MAY REQUIRE.

10 (5) THE EMPLOYER SHALL REMIT THE RETURN AND THE TOTAL TAX
11 DEDUCTED IN ACCORDANCE WITH TIME FRAMES ESTABLISHED BY SECTION
12 319 OF THIS ARTICLE.

13 (6) ANNUALLY, ON OR BEFORE THE TWENTY-EIGHTH DAY OF
14 FEBRUARY, EVERY EMPLOYER WHO HAS FILED RETURNS OF TAX WITHHELD
15 AND REMITTED THE TAX THROUGH THE YEAR, SHALL BE REQUIRED TO FILE
16 AN EMPLOYER'S ANNUAL RECONCILIATION OF WAGE TAX WITHHELD, ALONG
17 WITH A COPY OF FORM W-2 OF THE INTERNAL REVENUE SERVICE FOR EACH
18 EMPLOYEE, OTHER LISTINGS OR ELECTRONIC DATA PROCESSING TAPES,
19 SETTING FORTH THE FOLLOWING INFORMATION: (I) NAME AND ADDRESS
20 OF EMPLOYER; (II) EMPLOYER'S FEDERAL IDENTIFICATION NUMBER;
21 (III) FULL NAME AND RESIDENCE ADDRESS OF EACH EMPLOYEE; (IV)
22 EMPLOYEE'S SOCIAL SECURITY NUMBER; (V) TOTAL WAGES PAID DURING
23 THE YEAR BEFORE ANY DEDUCTIONS; AND (VI) EMPLOYER'S CITY
24 ACCOUNT NUMBER.

25 (7) EMPLOYERS OR THEIR DESIGNATED AGENTS REQUIRED TO FILE
26 WITH THE REVENUE COMMISSIONER UNDER THIS SUBSECTION SHALL NOT BE
27 REQUIRED BY THE REVENUE COMMISSIONER TO BE BONDED. EMPLOYER
28 LIABILITY FOR TAXES WITHHELD UNDER THIS SUBSECTION SHALL BE THE
29 SAME AS PROVIDED IN SECTIONS 320 AND 321 OF THIS ARTICLE.

30 (8) IF AN EMPLOYER FAILS TO DEDUCT AND WITHHOLD TAX AS

1 PRESCRIBED IN THIS SUBSECTION, IT SHALL NOT RELIEVE THE EMPLOYEE
2 FROM PAYMENT OF SUCH TAX WHERE PAYMENT CANNOT, FOR ANY REASON,
3 BE OBTAINED FROM THE EMPLOYER.

4 SECTION 10. SECTION 401(1) AND (3)1(B) AND (4) OF THE ACT,
5 AMENDED DECEMBER 23, 1983 (P.L.370, NO.90) AND AUGUST 4, 1991
6 (P.L.97, NO.22), ARE AMENDED AND THE SECTION IS AMENDED BY
7 ADDING CLAUSES TO READ:

8 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND
9 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
10 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
11 CLEARLY INDICATES A DIFFERENT MEANING:

12 (1) "CORPORATION." A CORPORATION HAVING CAPITAL STOCK,
13 JOINT-STOCK ASSOCIATION, OR LIMITED PARTNERSHIP EITHER ORGANIZED
14 UNDER THE LAWS OF THIS COMMONWEALTH, THE UNITED STATES, OR ANY
15 OTHER STATE, TERRITORY, OR FOREIGN COUNTRY, OR DEPENDENCY, OR A
16 BUSINESS TRUST TO WHICH 15 PA.C.S. CH. 95 (RELATING TO BUSINESS
17 TRUSTS) APPLIES AND THAT FOR FEDERAL INCOME TAX PURPOSES IS
18 TAXABLE AS A CORPORATION, AND (I) DOING BUSINESS IN THIS
19 COMMONWEALTH; OR (II) CARRYING ON ACTIVITIES IN THIS
20 COMMONWEALTH; (III) HAVING CAPITAL OR PROPERTY EMPLOYED OR USED
21 IN THIS COMMONWEALTH; OR (IV) OWNING PROPERTY IN THIS
22 COMMONWEALTH, BY OR IN THE NAME OF ITSELF, OR ANY PERSON,
23 PARTNERSHIP, ASSOCIATION, LIMITED PARTNERSHIP, JOINT-STOCK
24 ASSOCIATION OR CORPORATION. THE WORD "CORPORATION" SHALL NOT
25 INCLUDE BUILDING AND LOAN ASSOCIATIONS, BANKS, BANK AND TRUST
26 COMPANIES, NATIONAL BANKS, SAVINGS INSTITUTIONS, TRUST
27 COMPANIES, INSURANCE AND SURETY COMPANIES AND PENNSYLVANIA S
28 CORPORATIONS. THE WORD SHALL NOT INCLUDE:

29 1. ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS
30 A REAL ESTATE INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL

1 REVENUE CODE OR A QUALIFIED REAL ESTATE INVESTMENT TRUST
2 SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OR
3 ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
4 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
5 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
6 ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL
7 ESTATE INVESTMENT TRUST SUBSIDIARIES. A QUALIFIED REAL ESTATE
8 INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL
9 REVENUE CODE SHALL BE TREATED AS PART OF THE REAL ESTATE
10 INVESTMENT TRUST THAT OWNS ALL OF THE STOCK OF THE QUALIFIED
11 REAL ESTATE INVESTMENT TRUST SUBSIDIARY.

12 2. ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS
13 A REGULATED INVESTMENT COMPANY UNDER SECTION 851 OF THE INTERNAL
14 REVENUE CODE AND IS REGISTERED WITH THE UNITED STATES SECURITIES
15 AND EXCHANGE COMMISSION UNDER THE INVESTMENT COMPANY ACT OF 1940
16 OR ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
17 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
18 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
19 ACTIVITIES OF REGULATED INVESTMENT COMPANIES.

20 (3) "TAXABLE INCOME." 1. * * *

21 (B) ADDITIONAL DEDUCTIONS SHALL BE ALLOWED FROM TAXABLE
22 INCOME ON ACCOUNT OF ANY DIVIDENDS RECEIVED FROM ANY OTHER
23 CORPORATION BUT ONLY TO THE EXTENT THAT SUCH DIVIDENDS ARE
24 INCLUDED IN TAXABLE INCOME AS RETURNED TO AND ASCERTAINED BY THE
25 FEDERAL GOVERNMENT. FOR TAX YEARS BEGINNING ON OR AFTER JANUARY
26 1, 1991, [AN] ADDITIONAL [DEDUCTION] DEDUCTIONS SHALL ONLY BE
27 ALLOWED FOR AMOUNTS INCLUDED, UNDER SECTION 78 OF THE INTERNAL
28 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 78), IN
29 TAXABLE INCOME RETURNED TO AND ASCERTAINED BY THE FEDERAL
30 GOVERNMENT AND FOR THE AMOUNT OF ANY DIVIDENDS RECEIVED FROM A

1 FOREIGN CORPORATION INCLUDED IN TAXABLE INCOME TO THE EXTENT
2 SUCH DIVIDENDS WOULD BE DEDUCTIBLE IN ARRIVING AT FEDERAL
3 TAXABLE INCOME IF RECEIVED FROM A DOMESTIC CORPORATION.

4 * * *

5 4. (A) FOR TAXABLE YEARS BEGINNING IN 1982 THROUGH TAXABLE
6 YEARS BEGINNING IN 1990 AND FOR THE TAXABLE YEAR BEGINNING IN
7 1995 AND EACH TAXABLE YEAR THEREAFTER, A NET LOSS DEDUCTION
8 SHALL BE ALLOWED FROM TAXABLE INCOME AS ARRIVED AT UNDER
9 SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2. FOR TAXABLE YEARS
10 BEGINNING IN 1991 [AND THEREAFTER], 1992, 1993 AND 1994, THE NET
11 LOSS DEDUCTION ALLOWED FOR YEARS PRIOR TO 1991 SHALL BE
12 SUSPENDED, AND NO CARRYOVER OF NET LOSSES FROM TAXABLE YEARS
13 1988, 1989 [AND 1990], 1990, 1991, 1992 AND 1993 SHALL BE
14 UTILIZED IN CALCULATING NET INCOME FOR THE 1991, 1992, 1993 AND
15 1994 TAXABLE YEARS, BUT SUCH NET LOSSES MAY BE USED AS PROVIDED
16 IN CLAUSE (C) IN CALCULATING NET INCOME FOR THE 1995 TAXABLE
17 YEAR AND FOR TWO TAXABLE YEARS THEREAFTER.

18 (B) A NET LOSS FOR A TAXABLE YEAR IS THE NEGATIVE AMOUNT FOR
19 SAID TAXABLE YEAR DETERMINED UNDER SUBCLAUSE 1 OR, IF
20 APPLICABLE, SUBCLAUSE 2. NEGATIVE AMOUNTS UNDER SUBCLAUSE 1
21 SHALL BE ALLOCATED AND APPORTIONED IN THE SAME MANNER AS
22 POSITIVE AMOUNTS.

23 (C) THE NET LOSS DEDUCTION SHALL BE THE LESSER OF \$500,000
24 OR THE AMOUNT OF THE NET LOSS OR LOSSES WHICH MAY BE CARRIED
25 OVER TO THE TAXABLE YEAR OR TAXABLE INCOME AS DETERMINED UNDER
26 SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2. A NET LOSS FOR A
27 TAXABLE YEAR MAY ONLY BE CARRIED OVER PURSUANT TO THE FOLLOWING
28 SCHEDULE:

29 TAXABLE YEAR

CARRYOVER

30 1981

1 TAXABLE YEAR

1	1982	2 TAXABLE YEARS
2	[1983 AND THEREAFTER	3 TAXABLE YEARS]
3	<u>1983-1987</u>	<u>3 TAXABLE YEARS</u>
4	<u>1988</u>	<u>2 TAXABLE YEARS PLUS</u>
5		<u>1 TAXABLE YEAR</u>
6		<u>STARTING WITH THE</u>
7		<u>1995 TAXABLE YEAR</u>
8	<u>1989</u>	<u>1 TAXABLE YEAR PLUS</u>
9		<u>2 TAXABLE YEARS</u>
10		<u>STARTING WITH THE</u>
11		<u>1995 TAXABLE YEAR</u>
12	<u>1990-1993</u>	<u>3 TAXABLE YEARS</u>
13		<u>STARTING WITH THE</u>
14		<u>1995 TAXABLE YEAR</u>
15	<u>1994</u>	<u>1 TAXABLE YEAR</u>
16	<u>1995</u>	<u>2 TAXABLE YEARS</u>
17	<u>1996 AND THEREAFTER</u>	<u>3 TAXABLE YEARS</u>

18 THE EARLIEST NET LOSS SHALL BE CARRIED OVER TO THE EARLIEST
 19 TAXABLE YEAR TO WHICH IT MAY BE CARRIED UNDER THIS SCHEDULE. THE
 20 TOTAL NET LOSS DEDUCTION ALLOWED IN ANY TAXABLE YEAR SHALL NOT
 21 EXCEED FIVE HUNDRED THOUSAND DOLLARS (\$500,000).

22 (D) NO LOSS SHALL BE A CARRYOVER FROM A TAXABLE YEAR WHEN
 23 THE CORPORATION ELECTS TO BE TREATED AS A PENNSYLVANIA S
 24 CORPORATION PURSUANT TO SECTION 307 OF ARTICLE III OF THIS ACT
 25 TO A TAXABLE YEAR WHEN THE CORPORATION IS SUBJECT TO THE TAX
 26 IMPOSED UNDER THIS ARTICLE.

27 (E) PARAGRAPH (D) SHALL NOT PREVENT A TAXABLE YEAR WHEN A
 28 CORPORATION IS A PENNSYLVANIA S CORPORATION FROM BEING
 29 CONSIDERED A TAXABLE YEAR FOR DETERMINING THE NUMBER OF TAXABLE
 30 YEARS TO WHICH A NET LOSS MAY BE A CARRYOVER.

(F) FOR PURPOSES OF THE NET LOSS DEDUCTION, THE SHORT TAXABLE YEAR OF A CORPORATION, AFTER THE REVOCATION OR TERMINATION OF AN ELECTION TO BE TREATED AS A PENNSYLVANIA S CORPORATION PURSUANT TO SECTIONS 307.3 AND 307.4 OF ARTICLE III OF THIS ACT, SHALL BE TREATED AS A TAXABLE YEAR.

(G) IN THE CASE OF A CHANGE IN OWNERSHIP BY PURCHASE, LIQUIDATION, ACQUISITION OF STOCK OR REORGANIZATION OF A CORPORATION IN THE MANNER DESCRIBED IN SECTION 381 OR 382 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, THE LIMITATIONS PROVIDED IN THE INTERNAL REVENUE CODE WITH RESPECT TO NET OPERATING LOSSES SHALL APPLY FOR THE PURPOSE OF COMPUTING THE PORTION OF A NET LOSS CARRYOVER RECOGNIZED UNDER PARAGRAPH (3)4(C) OF THIS SECTION. WHEN ANY ACQUIRING CORPORATION OR A TRANSFEROR CORPORATION PARTICIPATED IN THE FILING OF CONSOLIDATED RETURNS TO THE FEDERAL GOVERNMENT, THE ENTITLEMENT OF THE ACQUIRING CORPORATION TO THE PENNSYLVANIA NET LOSS CARRYOVER OF THE ACQUIRING CORPORATION OR THE TRANSFEROR CORPORATION WILL BE DETERMINED AS IF SEPARATE RETURNS TO THE FEDERAL GOVERNMENT HAD BEEN FILED PRIOR TO THE CHANGE IN OWNERSHIP BY PURCHASE, LIQUIDATION, ACQUISITION OF STOCK OR REORGANIZATION.

* * *

SECTION 11. SECTION 402 OF THE ACT, AMENDED AUGUST 4, 1991 (P.L.97, NO.22), IS AMENDED TO READ:

SECTION 402. IMPOSITION OF TAX.--EVERY CORPORATION SHALL BE SUBJECT TO, AND SHALL PAY FOR THE PRIVILEGE OF (I) DOING BUSINESS IN THIS COMMONWEALTH; OR (II) CARRYING ON ACTIVITIES IN THIS COMMONWEALTH; (III) HAVING CAPITAL OR PROPERTY EMPLOYED OR USED IN THIS COMMONWEALTH; OR (IV) OWNING PROPERTY IN THIS COMMONWEALTH, BY OR IN THE NAME OF ITSELF, OR ANY PERSON,

1 PARTNERSHIP, ASSOCIATION, LIMITED PARTNERSHIP, JOINT-STOCK
2 ASSOCIATION, OR CORPORATION, A STATE EXCISE TAX AT THE RATE OF
3 TWELVE PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF
4 SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION
5 DURING THE CALENDAR YEAR 1971 AND THE FIRST SIX MONTHS OF 1972
6 AND AT THE RATE OF ELEVEN PER CENT PER ANNUM UPON EACH DOLLAR OF
7 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO,
8 SUCH CORPORATION DURING THE SECOND SIX MONTHS OF CALENDAR YEAR
9 1972 THROUGH THE CALENDAR YEAR 1973 AND AT THE RATE OF NINE AND
10 ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
11 OF SUCH CORPORATION RECEIVED BY, AND ACCRUING TO, SUCH
12 CORPORATION DURING THE CALENDAR YEARS 1974, 1975 AND 1976 AND AT
13 THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR
14 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY, AND ACCRUING
15 TO, SUCH CORPORATION DURING THE CALENDAR YEAR 1977 THROUGH THE
16 CALENDAR YEAR 1984 AND AT THE RATE OF NINE AND ONE-HALF PER CENT
17 PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
18 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING THE CALENDAR
19 YEAR 1985 THROUGH CALENDAR YEAR 1986 AND AT THE RATE OF EIGHT
20 AND ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
21 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
22 CORPORATION DURING THE CALENDAR YEAR 1987 THROUGH THE CALENDAR
23 YEAR 1990 AND AT THE RATE OF TEN AND ONE-HALF PER CENT PER ANNUM
24 UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED
25 BY AND ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1991
26 THROUGH THE CALENDAR YEAR 1996 AND AT THE RATE OF NINE AND
27 NINETY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF
28 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO
29 SUCH CORPORATION DURING THE CALENDAR YEAR 1997 AND DURING EACH
30 CALENDAR YEAR THEREAFTER, WITH AN ADDITIONAL SURTAX EQUAL TO ONE

1 AND SEVENTY-FIVE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR
2 OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING
3 TO SUCH CORPORATION DURING CALENDAR YEAR 1991 AND [DURING EACH
4 CALENDAR YEAR THEREAFTER] THROUGH CALENDAR YEAR 1993 AND WITH AN
5 ADDITIONAL SURTAX EQUAL TO ONE AND FORTY-NINE HUNDREDTHS PER
6 CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH
7 CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING
8 CALENDAR YEAR 1994 AND WITH AN ADDITIONAL SURTAX EQUAL TO FORTY-
9 NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE
10 INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH
11 CORPORATION DURING CALENDAR YEAR 1995 AND WITH AN ADDITIONAL
12 SURTAX EQUAL TO ONE-QUARTER OF ONE PER CENT PER ANNUM UPON EACH
13 DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND
14 ACCRUING TO SUCH CORPORATION DURING CALENDAR YEAR 1996 AND WITH
15 NO SURTAX DURING CALENDAR YEAR 1997 AND EACH CALENDAR YEAR
16 THEREAFTER, EXCEPT WHERE A CORPORATION REPORTS TO THE FEDERAL
17 GOVERNMENT ON THE BASIS OF A FISCAL YEAR, AND HAS CERTIFIED SUCH
18 FACT TO THE DEPARTMENT AS REQUIRED BY SECTION 403 OF THIS
19 ARTICLE, IN WHICH CASE, SUCH TAX, AT THE RATE OF TWELVE PER
20 CENT, SHALL BE LEVIED, COLLECTED, AND PAID UPON ALL TAXABLE
21 INCOME RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION DURING THE
22 FIRST SIX MONTHS OF THE FISCAL YEAR COMMENCING IN THE CALENDAR
23 YEAR 1972 AND AT THE RATE OF ELEVEN PER CENT, SHALL BE LEVIED,
24 COLLECTED, AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND
25 ACCRUING TO, SUCH CORPORATION DURING THE SECOND SIX MONTHS OF
26 THE FISCAL YEAR COMMENCING IN THE CALENDAR YEAR 1972 AND DURING
27 THE FISCAL YEAR COMMENCING IN THE CALENDAR YEAR 1973 AND AT THE
28 RATE OF NINE AND ONE-HALF PER CENT, SHALL BE LEVIED, COLLECTED,
29 AND PAID UPON ALL TAXABLE INCOME RECEIVED BY, AND ACCRUING TO,
30 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN THE

1 CALENDAR YEARS 1974, 1975 AND 1976 AND AT THE RATE OF TEN AND
2 ONE-HALF PER CENT, SHALL BE LEVIED, COLLECTED, AND PAID UPON ALL
3 TAXABLE INCOME RECEIVED BY, AND ACCRUING TO, SUCH CORPORATION
4 DURING THE FISCAL YEAR COMMENCING IN THE CALENDAR YEAR 1977
5 THROUGH THE FISCAL YEAR COMMENCING IN 1984 AND AT THE RATE OF
6 NINE AND ONE-HALF PER CENT, SHALL BE LEVIED, COLLECTED, AND PAID
7 UPON ALL TAXABLE INCOME RECEIVED BY AND ACCRUING TO SUCH
8 CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1985 THROUGH
9 THE FISCAL YEAR COMMENCING IN 1986 AND AT THE RATE OF EIGHT AND
10 ONE-HALF PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
11 OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION
12 DURING THE FISCAL YEAR COMMENCING IN 1987 THROUGH THE FISCAL
13 YEAR COMMENCING IN 1990 AND AT THE RATE OF TEN AND ONE-HALF PER
14 CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH
15 CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING
16 THE FISCAL YEAR COMMENCING IN 1991 THROUGH THE FISCAL YEAR
17 COMMENCING IN 1996 AND AT THE RATE OF NINE AND NINETY-NINE
18 HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
19 OF SUCH CORPORATION RECEIVED BY AN ACCRUING TO SUCH CORPORATION
20 DURING THE FISCAL YEAR COMMENCING IN 1997 AND DURING EACH FISCAL
21 YEAR THEREAFTER, WITH AN ADDITIONAL SURTAX EQUAL TO ONE AND
22 SEVENTY-FIVE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF
23 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO
24 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1991 AND
25 [DURING EACH FISCAL YEAR THEREAFTER] THROUGH FISCAL YEAR 1993
26 AND WITH AN ADDITIONAL SURTAX EQUAL TO ONE AND FORTY-NINE
27 HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME
28 OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO SUCH CORPORATION
29 DURING FISCAL YEAR 1994 AND WITH AN ADDITIONAL SURTAX EQUAL TO
30 FORTY-NINE HUNDREDTHS PER CENT PER ANNUM UPON EACH DOLLAR OF

1 TAXABLE INCOME OF SUCH CORPORATION RECEIVED BY AND ACCRUING TO
2 SUCH CORPORATION DURING THE FISCAL YEAR COMMENCING IN 1995 AND
3 WITH AN ADDITIONAL SURTAX EQUAL TO ONE-QUARTER OF ONE PER CENT
4 PER ANNUM UPON EACH DOLLAR OF TAXABLE INCOME OF SUCH CORPORATION
5 RECEIVED BY AND ACCRUING TO SUCH CORPORATION DURING THE FISCAL
6 YEAR COMMENCING IN 1996 AND WITH NO SURTAX DURING THE FISCAL
7 YEAR COMMENCING IN 1997 AND EACH FISCAL YEAR THEREAFTER. NO
8 PENALTY PRESCRIBED BY SUBSECTION (E) OF SECTION 3003 SHALL BE
9 ASSESSED AGAINST A CORPORATION FOR THE ADDITIONAL TAX WHICH MAY
10 BE DUE AS A RESULT OF THE INCREASE IN TAX RATE FROM NINE AND
11 ONE-HALF PER CENT TO TEN AND ONE-HALF PER CENT IMPOSED
12 RETROACTIVELY BY THIS SECTION FOR THE CALENDAR YEAR 1977 OR FOR
13 THE FISCAL YEAR COMMENCING IN 1977.

14 SECTION 12. SECTION 402.1 OF THE ACT IS REPEALED.

15 SECTION 13. THE DEFINITIONS OF "CAPITAL STOCK VALUE",
16 "DOMESTIC ENTITY" AND "FOREIGN ENTITY" IN SECTION 601(A) OF THE
17 ACT, AMENDED DECEMBER 23, 1983 (P.L.360, NO.89), JULY 2, 1986
18 (P.L.318, NO.77) AND AUGUST 4, 1991 (P.L.97, NO.22), ARE AMENDED
19 AND THE SUBSECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

20 SECTION 601. DEFINITIONS AND REPORTS.--(A) THE FOLLOWING
21 WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE VI SHALL HAVE
22 THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
23 CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

24 * * *

25 "CAPITAL STOCK VALUE." THE AMOUNT COMPUTED PURSUANT TO THE
26 FOLLOWING FORMULA: THE PRODUCT OF ONE-HALF TIMES THE SUM OF THE
27 AVERAGE NET INCOME CAPITALIZED AT THE RATE OF NINE AND ONE-HALF
28 PER CENT PLUS SEVENTY-FIVE PER CENT OF NET WORTH, FROM WHICH
29 PRODUCT SHALL BE SUBTRACTED [FIFTY THOUSAND DOLLARS (\$50,000)]
30 SEVENTY-FIVE THOUSAND DOLLARS (\$75,000), THE ALGEBRAIC

1 EQUIVALENT OF WHICH IS

2 (.5 X (AVERAGE NET INCOME/.095 + (.75)

3 (NET WORTH))) - [\$50,000] \$75,000

4 * * *

5 "DOMESTIC ENTITY." EVERY CORPORATION HAVING CAPITAL STOCK,
6 EVERY JOINT-STOCK ASSOCIATION, LIMITED PARTNERSHIP AND EVERY
7 COMPANY WHATSOEVER, NOW OR HEREAFTER ORGANIZED OR INCORPORATED
8 BY OR UNDER ANY LAWS OF THE COMMONWEALTH, EVERY BUSINESS TRUST
9 TO WHICH 15 PA.C.S. CH. 95 (RELATING TO BUSINESS TRUSTS) APPLIES
10 AND THAT FOR FEDERAL INCOME TAX PURPOSES IS TAXABLE AS A
11 CORPORATION, OTHER THAN CORPORATIONS OF THE FIRST CLASS,
12 NONPROFIT CORPORATIONS AND COOPERATIVE AGRICULTURAL ASSOCIATIONS
13 NOT HAVING CAPITAL STOCK AND NOT CONDUCTED FOR PROFIT, BANKS,
14 SAVINGS INSTITUTIONS, TITLE INSURANCE OR TRUST COMPANIES,
15 BUILDING AND LOAN ASSOCIATIONS AND INSURANCE COMPANIES IS A
16 DOMESTIC ENTITY. THE TERM "DOMESTIC ENTITY" SHALL NOT INCLUDE:

17 (1) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS
18 A REAL ESTATE INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL
19 REVENUE CODE OR A QUALIFIED REAL ESTATE INVESTMENT TRUST
20 SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OR
21 ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
22 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
23 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
24 ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL
25 ESTATE INVESTMENT TRUST SUBSIDIARIES. A QUALIFIED REAL ESTATE
26 INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL
27 REVENUE CODE SHALL BE TREATED AS PART OF THE REAL ESTATE
28 INVESTMENT TRUST THAT OWNS ALL OF THE STOCK OF THE QUALIFIED
29 REAL ESTATE INVESTMENT TRUST SUBSIDIARY.

30 (2) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS

1 A REGULATED INVESTMENT COMPANY UNDER SECTION 851 OF THE INTERNAL
2 REVENUE CODE AND IS REGISTERED WITH THE UNITED STATES SECURITIES
3 AND EXCHANGE COMMISSION UNDER THE INVESTMENT COMPANY ACT OF 1940
4 OR ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
5 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
6 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
7 ACTIVITIES OF REGULATED INVESTMENT COMPANIES.

8 * * *

9 "FOREIGN ENTITY." EVERY CORPORATION, JOINT-STOCK
10 ASSOCIATION, LIMITED PARTNERSHIP AND COMPANY WHATSOEVER, NOW OR
11 HEREAFTER INCORPORATED OR ORGANIZED BY OR UNDER THE LAW OF ANY
12 OTHER STATE OR TERRITORY OF THE UNITED STATES, OR BY THE UNITED
13 STATES, OR BY OR UNDER THE LAW OF ANY FOREIGN GOVERNMENT, EVERY
14 BUSINESS TRUST TO WHICH 15 PA.C.S. CH. 95 (RELATING TO BUSINESS
15 TRUSTS) APPLIES AND THAT FOR FEDERAL INCOME TAX PURPOSES IS
16 TAXABLE AS A CORPORATION, AND DOING BUSINESS IN AND LIABLE TO
17 TAXATION WITHIN THE COMMONWEALTH OR CARRYING ON ACTIVITIES IN
18 THE COMMONWEALTH, INCLUDING SOLICITATION OR EITHER OWNING OR
19 HAVING CAPITAL OR PROPERTY EMPLOYED OR USED IN THE COMMONWEALTH
20 BY OR IN THE NAME OF ANY LIMITED PARTNERSHIP OR JOINT-STOCK
21 ASSOCIATION, COPARTNERSHIP OR COPARTNERSHIPS, PERSON OR PERSONS,
22 OR IN ANY OTHER MANNER DOING BUSINESS WITHIN AND LIABLE TO
23 TAXATION WITHIN THE COMMONWEALTH OTHER THAN NONPROFIT
24 CORPORATIONS, BANKS, SAVINGS INSTITUTIONS, TITLE INSURANCE OR
25 TRUST COMPANIES, BUILDING AND LOAN ASSOCIATIONS AND INSURANCE
26 COMPANIES IS A FOREIGN ENTITY. THE TERM "FOREIGN ENTITY" SHALL
27 NOT INCLUDE:

28 (1) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS
29 A REAL ESTATE INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL
30 REVENUE CODE OR A QUALIFIED REAL ESTATE INVESTMENT TRUST

1 SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OR
2 ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
3 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
4 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
5 ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL
6 ESTATE INVESTMENT TRUST SUBSIDIARIES. A QUALIFIED REAL ESTATE
7 INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL
8 REVENUE CODE SHALL BE TREATED AS PART OF THE REAL ESTATE
9 INVESTMENT TRUST THAT OWNS ALL OF THE STOCK OF THE QUALIFIED
10 REAL ESTATE INVESTMENT TRUST SUBSIDIARY.

11 (2) ANY DOMESTIC OR FOREIGN BUSINESS TRUST THAT QUALIFIES AS
12 A REGULATED INVESTMENT COMPANY UNDER SECTION 851 OF THE INTERNAL
13 REVENUE CODE AND IS REGISTERED WITH THE UNITED STATES SECURITIES
14 AND EXCHANGE COMMISSION UNDER THE INVESTMENT COMPANY ACT OF 1940
15 OR ANY RELATED DOMESTIC OR FOREIGN BUSINESS TRUST WHICH CONFINES
16 ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
17 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
18 ACTIVITIES OF REGULATED INVESTMENT COMPANIES.

19 * * *

20 SECTION 14. THE HEADING OF ARTICLE VII OF THE ACT IS AMENDED
21 TO READ:

22 ARTICLE VII

23 BANK AND TRUST COMPANY SHARES TAX

24 SECTION 15. SECTION 701 OF THE ACT, AMENDED AUGUST 4, 1991
25 (P.L.97, NO.22), IS AMENDED TO READ:

26 SECTION 701. IMPOSITION OF TAX.--EVERY [BANK HAVING CAPITAL
27 STOCK, INCORPORATED BY OR UNDER ANY LAW OF THIS COMMONWEALTH OR
28 UNDER ANY LAW OF THE UNITED STATES, AND LOCATED WITHIN THIS
29 COMMONWEALTH,] INSTITUTION SHALL, ON OR BEFORE MARCH 15 IN EACH
30 AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A REPORT IN

1 WRITING, VERIFIED AS REQUIRED BY LAW, SETTING FORTH THE FULL
2 NUMBER OF SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR ISSUED,
3 AS OF THE PRECEDING JANUARY 1, BY SUCH [BANK HAVING CAPITAL
4 STOCK] INSTITUTION, AND THE TAXABLE AMOUNT OF SUCH SHARES OF
5 CAPITAL STOCK DETERMINED PURSUANT TO SECTION 701.1. IT SHALL BE
6 THE DUTY OF THE DEPARTMENT OF REVENUE TO ASSESS SUCH SHARES FOR
7 THE CALENDAR YEARS BEGINNING JANUARY 1, 1971 THROUGH JANUARY 1,
8 1983, AT THE RATE OF FIFTEEN MILLS AND FOR THE CALENDAR YEARS
9 BEGINNING JANUARY 1, 1984 THROUGH JANUARY 1, 1988, AT THE RATE
10 OF ONE AND SEVENTY-FIVE ONE THOUSANDTHS PER CENT AND FOR THE
11 CALENDAR YEAR BEGINNING JANUARY 1, 1989, AT THE RATE OF 10.77
12 PER CENT AND FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 1990,
13 AND EACH CALENDAR YEAR THEREAFTER AT THE RATE OF 1.25 PER CENT
14 UPON EACH DOLLAR OF TAXABLE AMOUNT THEREOF, THE TAXABLE AMOUNT
15 OF EACH SHARE OF STOCK TO BE ASCERTAINED AND FIXED PURSUANT TO
16 SECTION 701.1, AND DIVIDING THIS AMOUNT BY THE NUMBER OF SHARES.
17 IT SHALL BE THE DUTY OF EVERY [BANK HAVING CAPITAL STOCK]
18 INSTITUTION, AT THE TIME OF MAKING EVERY REPORT REQUIRED BY THIS
19 SECTION, TO COMPUTE THE TAX AND TO PAY THE AMOUNT OF SAID TAX TO
20 THE STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE EITHER
21 FROM ITS GENERAL FUND, OR FROM THE AMOUNT OF SAID TAX COLLECTED
22 FROM ITS SHAREHOLDERS: PROVIDED, THAT FOR THE CALENDAR YEARS
23 BEGINNING JANUARY 1, 1971 THROUGH JANUARY 1, 1991, SUCH [BANK
24 HAVING CAPITAL STOCK] INSTITUTION, UPON THE DATE ITS REPORT,
25 HEREIN REQUIRED IS MADE FOR SUCH CALENDAR YEARS BEGINNING
26 JANUARY 1, 1971 THROUGH JANUARY 1, 1991, SHALL PAY TO THE
27 DEPARTMENT OF REVENUE NOT LESS THAN EIGHTY PER CENT OF THE TAX
28 DUE TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR, AND THE
29 REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE REPORT
30 HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE: PROVIDED,

1 THAT IN CASE ANY [BANK HAVING CAPITAL STOCK, INCORPORATED UNDER
2 THE LAW OF THIS STATE OR OF THE UNITED STATES,] INSTITUTION
3 SHALL COLLECT, ANNUALLY, FROM THE SHAREHOLDERS THEREOF SAID TAX,
4 ACCORDING TO THE PROVISIONS OF THIS ARTICLE, THAT HAVE BEEN
5 SUBSCRIBED FOR OR ISSUED, AND PAY THE SAME INTO THE STATE
6 TREASURY, THROUGH THE DEPARTMENT OF REVENUE, THE SHARES, AND SO
7 MUCH OF THE CAPITAL AND PROFITS OF SUCH [BANK HAVING CAPITAL
8 STOCK] INSTITUTION AS SHALL NOT BE INVESTED IN REAL ESTATE,
9 SHALL BE EXEMPT FROM LOCAL TAXATION UNDER THE LAWS OF THIS
10 COMMONWEALTH; AND SUCH [BANK HAVING CAPITAL STOCK] INSTITUTION
11 SHALL NOT BE REQUIRED TO MAKE ANY REPORT TO THE LOCAL ASSESSOR
12 OR COUNTY COMMISSIONERS OF ITS PERSONAL PROPERTY OWNED BY IT IN
13 ITS OWN RIGHT FOR PURPOSES OF TAXATION AND SHALL NOT BE REQUIRED
14 TO PAY ANY TAX THEREON.

15 SECTION 16. SECTION 701.1 OF THE ACT, AMENDED JULY 1, 1989
16 (P.L.95, NO.21), IS AMENDED TO READ:

17 SECTION 701.1. ASCERTAINMENT OF TAXABLE AMOUNT; EXCLUSION OF
18 UNITED STATES OBLIGATIONS.--(A) THE TAXABLE AMOUNT OF SHARES
19 SHALL BE ASCERTAINED AND FIXED BY ADDING TOGETHER THE VALUE
20 DETERMINED UNDER SUBSECTION (B) FOR THE CURRENT AND PRECEDING
21 FIVE YEARS AND DIVIDING THE RESULTING SUM BY SIX. IF [A BANK] AN
22 INSTITUTION HAS NOT BEEN IN EXISTENCE FOR A PERIOD OF SIX YEARS,
23 THE TAXABLE AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY
24 ADDING TOGETHER THE VALUES DETERMINED UNDER SUBSECTION (B) FOR
25 THE NUMBER OF YEARS THE [BANK] INSTITUTION HAS BEEN IN EXISTENCE
26 AND DIVIDING THE RESULTING SUM BY SUCH NUMBER OF YEARS.

27 (B) THE VALUE FOR EACH YEAR REQUIRED BY SUBSECTION (A) SHALL
28 BE DETERMINED BY ADDING TOGETHER THE BOOK VALUE OF CAPITAL STOCK
29 PAID IN, THE BOOK VALUE OF THE SURPLUS AND THE BOOK VALUE OF
30 UNDIVIDED PROFITS WITH A DEDUCTION FROM THE TOTAL THEREOF OF AN

1 AMOUNT EQUAL TO THE SAME PERCENTAGE OF SUCH TOTAL AS THE BOOK
2 VALUE OF OBLIGATIONS OF THE UNITED STATES BEARS TO THE BOOK
3 VALUE OF THE TOTAL ASSETS. FOR PURPOSES OF THIS SUBSECTION, BOOK
4 VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS FOR EACH
5 YEAR SHALL BE DETERMINED BY THE REPORTS OF CONDITION FOR EACH
6 CALENDAR QUARTER OF THE PRECEDING CALENDAR YEAR IN ACCORDANCE
7 WITH THE REQUIREMENTS OF THE BOARD OF GOVERNORS OF THE FEDERAL
8 RESERVE SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE FEDERAL
9 DEPOSIT INSURANCE CORPORATION OR OTHER APPLICABLE REGULATORY
10 AUTHORITY; AND BOOK VALUES SHALL BE AVERAGED AS CALCULATED BY
11 AVERAGING BOOK VALUES AS DETERMINED BY SUCH REPORTS OF
12 CONDITION. FOR PURPOSES OF THIS ARTICLE, UNITED STATES
13 OBLIGATIONS SHALL BE OBLIGATIONS COMING WITHIN THE SCOPE OF 31
14 U.S.C. § 3124. FOR ANY YEAR IN WHICH [A BANK] AN INSTITUTION
15 DOES NOT FILE FOUR QUARTERLY REPORTS OF CONDITION, BOOK VALUES
16 AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS SHALL BE DETERMINED
17 BY ADDING TOGETHER THE BOOK VALUES AND DEDUCTIONS FOR UNITED
18 STATES OBLIGATIONS FROM EACH QUARTERLY REPORTS OF CONDITION
19 FILED FOR SUCH YEAR AND DIVIDING THE RESULTING SUMS BY THE
20 NUMBER OF SUCH REPORTS OF CONDITION. IN THE CASE OF INSTITUTIONS
21 WHICH DO NOT FILE SUCH REPORTS OF CONDITION, BOOK VALUES SHALL
22 BE DETERMINED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS OF
23 THE END OF EACH CALENDAR QUARTER. FOR ANY YEAR IN WHICH AN
24 INSTITUTION WHICH DOES NOT FILE REPORTS OF CONDITION IS NOT IN
25 EXISTENCE FOR FOUR QUARTERS, THE BOOK VALUE FOR THAT YEAR SHALL
26 BE DETERMINED BY ADDING TOGETHER THE BOOK VALUES FOR EACH
27 QUARTER IN WHICH THE INSTITUTION WAS IN EXISTENCE AND DIVIDING
28 BY THAT NUMBER OF QUARTERS. FOR PURPOSES OF THIS SECTION, A
29 PARTIAL YEAR SHALL BE TREATED AS A FULL YEAR.

30 (C) FOR PURPOSES OF THIS SECTION:

(1) A MERE CHANGE IN IDENTITY, FORM OR PLACE OF ORGANIZATION OF ONE [BANK] INSTITUTION, HOWEVER EFFECTED, SHALL BE TREATED AS IF A SINGLE [BANK] INSTITUTION HAD BEEN IN EXISTENCE PRIOR TO AS WELL AS AFTER SUCH CHANGE; AND

(2) THE COMBINATION OF TWO OR MORE [BANKS] INSTITUTIONS INTO ONE SHALL BE TREATED AS IF THE CONSTITUENT [BANKS] INSTITUTIONS HAD BEEN A SINGLE [BANK] INSTITUTION IN EXISTENCE PRIOR TO AS WELL AS AFTER THE COMBINATION AND THE BOOK VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS FROM THE REPORTS OF CONDITION OF THE CONSTITUENT [BANKS] INSTITUTIONS SHALL BE COMBINED. FOR PURPOSES OF THE PRECEDING SENTENCE, A COMBINATION SHALL INCLUDE ANY ACQUISITION REQUIRED TO BE ACCOUNTED FOR BY THE SURVIVING [BANK] INSTITUTION UNDER THE POOLING OF INTEREST METHOD IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR A STATUTORY MERGER OR CONSOLIDATION.

SECTION 17. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

SECTION 701.4. APPORTIONMENT.--AN INSTITUTION MAY APPORTION ITS TAXABLE AMOUNT OF SHARES DETERMINED UNDER SECTION 701.1 IN ACCORDANCE WITH THIS SUBSECTION IF THE INSTITUTION IS SUBJECT TO TAX IN ANOTHER STATE BASED ON OR MEASURED BY NET WORTH, GROSS RECEIPTS, NET INCOME OR SOME SIMILAR BASE OF TAXATION, OR IF IT COULD BE SUBJECT TO SUCH TAX, WHETHER OR NOT SUCH A TAX HAS IN FACT BEEN ENACTED. THE FOLLOWING SHALL APPLY:

(1) THE TAXABLE AMOUNT OF SHARES SHALL BE APPORTIONED IN ACCORDANCE WITH A FRACTION, THE NUMERATOR OF WHICH IS THE SUM OF THE PAYROLL FACTOR, THE RECEIPTS FACTOR AND THE DEPOSITS FACTOR, AND THE DENOMINATOR OF WHICH IS THREE. IF ONE OF THE FACTORS IS INAPPLICABLE, THE DENOMINATOR IS TWO. IF TWO OF THE FACTORS ARE INAPPLICABLE, THE DENOMINATOR IS ONE.

(2) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR OF WHICH

1 IS THE TOTAL WAGES PAID IN THIS COMMONWEALTH AND THE DENOMINATOR
2 OF WHICH IS THE TOTAL WAGES PAID IN ALL STATES. WAGES ARE PAID
3 IN A STATE IF PAID TO AN EMPLOYEE HAVING A REGULAR PRESENCE
4 THEREIN.

5 (3) THE RECEIPTS FACTOR IS A FRACTION, THE NUMERATOR OF
6 WHICH IS TOTAL RECEIPTS LOCATED IN THIS COMMONWEALTH AND THE
7 DENOMINATOR OF WHICH IS THE TOTAL RECEIPTS LOCATED IN ALL
8 STATES. RECEIPTS DO NOT INCLUDE PRINCIPAL REPAYMENTS ON LOANS OR
9 CREDIT, TRAVEL AND ENTERTAINMENT CARDS. RECEIPTS FROM SALE OR
10 DISPOSITION OF INTANGIBLE AND TANGIBLE PROPERTY INCLUDE ONLY THE
11 NET GAIN THEREFROM. THE LOCATION OF RECEIPTS SHALL BE DETERMINED
12 AS FOLLOWS:

13 (I) RECEIPTS FROM LOANS ARE LOCATED AT THE PLACE OF
14 ORIGINATION.

15 (II) ALL RECEIPTS FROM PERFORMANCE OF SERVICES ARE LOCATED
16 IN A STATE TO THE EXTENT THE SERVICES ARE PERFORMED IN THE
17 STATE. IF SERVICES ARE PERFORMED PARTLY WITHIN TWO OR MORE
18 STATES, THE RECEIPTS LOCATED IN EACH STATE SHALL BE MEASURED BY
19 THE RATIO WHICH THE TIME SPENT IN PERFORMING SUCH SERVICES IN
20 THE STATE BEARS TO THE TOTAL TIME SPENT IN PERFORMING SUCH
21 SERVICES IN ALL STATES. TIME SPENT IN PERFORMING SERVICES IN A
22 STATE IS THE TIME SPENT BY EMPLOYEES HAVING A REGULAR PRESENCE IN
23 THE STATE IN PERFORMING SUCH SERVICES.

24 (III) RECEIPTS FROM LEASE TRANSACTIONS ARE LOCATED IN THE
25 STATE IN WHICH THE LEASED PROPERTY IS DEEMED LOCATED.

26 (IV) INTEREST OR SERVICE CHARGES, EXCLUDING MERCHANT
27 DISCOUNTS, FROM CREDIT, TRAVEL AND ENTERTAINMENT CARD
28 RECEIVABLES AND CREDIT CARD HOLDERS' FEES ARE LOCATED IN THE
29 STATE IN WHICH THE CREDIT CARD HOLDER RESIDES IN THE CASE OF AN
30 INDIVIDUAL OR, IF A CORPORATION, IN THE STATE OF THE

1 CARDHOLDER'S COMMERCIAL DOMICILE IF, IN EITHER CASE, THE
2 INSTITUTION MAINTAINS AN OFFICE IN SUCH STATE. OTHERWISE, THE
3 RECEIPTS ARE LOCATED IN THE STATE IN WHICH THE INSTITUTION
4 MAINTAINS AN OFFICE WHICH TREATS SUCH RECEIVABLES AS ASSETS ON
5 ITS BOOKS OR RECORDS.

6 (V) INTEREST, DIVIDENDS AND NET GAINS FROM THE SALE OR
7 DISPOSITION OF INTANGIBLES, EXCLUSIVE OF THOSE RECEIPTS
8 DESCRIBED ELSEWHERE IN THIS SECTION, ARE LOCATED IN THE STATE IN
9 WHICH THE INSTITUTION MAINTAINS AN OFFICE WHICH TREATS SUCH
10 INTANGIBLES AS ASSETS ON ITS BOOKS OR RECORDS.

11 (VI) FEES OR CHARGES FROM THE ISSUANCE OF TRAVELER'S CHECKS
12 AND MONEY ORDERS ARE LOCATED IN THE STATE IN WHICH SUCH
13 TRAVELER'S CHECKS OR MONEY ORDERS ARE ISSUED.

14 (VII) RECEIPTS FROM SALES OF TANGIBLE PROPERTY ARE LOCATED
15 IN THE STATE IN WHICH THE PROPERTY IS DELIVERED OR SHIPPED TO A
16 PURCHASER, REGARDLESS OF THE F.O.B. POINT OR OTHER CONDITIONS OF
17 THE SALE.

18 (VIII) ALL RECEIPTS NOT SPECIFICALLY TREATED UNDER THIS
19 SUBSECTION ARE LOCATED IN THE STATE WHERE THE GREATEST PORTION
20 OF THE INCOME-PRODUCING ACTIVITIES ARE PERFORMED, BASED ON COSTS
21 OF PERFORMANCE.

22 (4) THE DEPOSITS FACTOR IS A FRACTION, THE NUMERATOR OF
23 WHICH IS THE AVERAGE VALUE OF DEPOSITS LOCATED IN THIS
24 COMMONWEALTH DURING THE TAXABLE YEAR AND THE DENOMINATOR OF
25 WHICH IS THE AVERAGE VALUE OF THE TOTAL DEPOSITS DURING THE
26 TAXABLE YEAR. THE AVERAGE VALUE OF DEPOSITS IS TO BE COMPUTED ON
27 A QUARTERLY BASIS. DEPOSITS ARE LOCATED IN THE STATE IN WHICH
28 THE INSTITUTION MAINTAINS AN OFFICE WHICH PROPERLY TREATS THE
29 DEPOSITS AS A LIABILITY ON ITS BOOKS OR RECORDS. A DEPOSIT IS
30 CONSIDERED TO BE PROPERLY TREATED AS A LIABILITY ON THE BOOKS OR

1 RECORDS OF THE OFFICE WITH WHICH IT HAS A GREATER PORTION OF
2 CONTACT. IN DETERMINING WHETHER A DEPOSIT HAS A GREATER PORTION
3 OF CONTACT WITH A PARTICULAR OFFICE, CONSIDERATION IS GIVEN TO:

4 (I) WHETHER THE DEPOSIT ACCOUNT WAS OPENED AT OR TRANSFERRED
5 TO THAT OFFICE BY OR AT THE DIRECTION OF THE DEPOSITOR
6 REGARDLESS OF WHERE SUBSEQUENT DEPOSITS OR WITHDRAWALS ARE MADE.

7 (II) WHETHER EMPLOYEES REGULARLY CONNECTED WITH THAT OFFICE
8 ARE PRIMARILY RESPONSIBLE FOR SERVICING THE DEPOSITOR'S GENERAL
9 BANKING AND OTHER FINANCIAL NEEDS.

10 (III) WHETHER THE DEPOSIT WAS SOLICITED BY AN EMPLOYEE
11 REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF WHERE SUCH
12 DEPOSIT WAS ACTUALLY SOLICITED.

13 (IV) WHETHER THE TERMS GOVERNING THE DEPOSIT WERE NEGOTIATED
14 BY EMPLOYEES REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF
15 WHERE THE NEGOTIATIONS WERE ACTUALLY CONDUCTED.

16 (V) WHETHER ESSENTIAL RECORDS RELATING TO THE DEPOSIT ARE
17 KEPT AT THAT OFFICE AND WHETHER THE DEPOSIT IS SERVICED AT THAT
18 OFFICE.

19 SECTION 701.5. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
20 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
21 ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
22 CLEARLY INDICATES A DIFFERENT MEANING:

23 "DEPOSITS." DEPOSITS CONSIST OF THOSE ITEMS SPECIFIED FOR
24 INCLUSION AS SUCH IN QUARTERLY REPORTS OF CONDITION, BUT DO NOT
25 INCLUDE DEPOSITS MADE BY THE FEDERAL GOVERNMENT, ITS AGENCIES OR
26 INSTRUMENTALITIES.

27 "EMPLOYEE." ANY INDIVIDUAL TO WHOM WAGES ARE PAID WITHIN THE
28 MEANING OF 26 U.S.C. § 3401.

29 "INSTITUTION."

30 (1) EVERY BANK OPERATING AS SUCH AND HAVING CAPITAL STOCK

1 WHICH IS INCORPORATED UNDER ANY LAW OF THIS COMMONWEALTH, UNDER
2 THE LAW OF THE UNITED STATES OR UNDER THE LAW OF ANY OTHER
3 JURISDICTION AND IS LOCATED WITHIN THIS COMMONWEALTH.

4 (2) EVERY OPERATING COMPANY HAVING CAPITAL STOCK LOCATED
5 WITHIN THIS COMMONWEALTH HAVING ANY OF THE POWERS OF COMPANIES
6 ENTITLED TO THE BENEFITS OF AN ACT, ENTITLED "AN ACT CONFERRING
7 UPON CERTAIN FIDELITY, INSURANCE, SAFETY DEPOSIT, TRUST, AND
8 SAVINGS COMPANIES, THE POWERS AND PRIVILEGES OF COMPANIES
9 INCORPORATED UNDER THE PROVISIONS OF SECTION 29 OF AN ACT,
10 ENTITLED 'AN ACT TO PROVIDE FOR THE INCORPORATION AND REGULATION
11 OF CERTAIN CORPORATIONS,' APPROVED APRIL 29, 1874, AND OF THE
12 SUPPLEMENTS THERETO," APPROVED JUNE 27, 1895, COMMONLY KNOWN AS
13 TRUST COMPANIES.

14 (3) EVERY COMPANY ORGANIZED AND OPERATING AS A BANK AND
15 TRUST COMPANY OR AS TRUST COMPANY HAVING CAPITAL STOCK LOCATED
16 IN THIS COMMONWEALTH, WHETHER THE INSTITUTION IS INCORPORATED
17 UNDER ANY LAW OF THIS COMMONWEALTH, THE LAW OF THE UNITED STATES
18 OR ANY LAW OF ANY JURISDICTION. THE TERM SHALL NOT INCLUDE ANY
19 OF SUCH COMPANIES, ALL OF THE SHARES OF CAPITAL STOCK OF WHICH,
20 OTHER THAN SHARES NECESSARY TO QUALIFY DIRECTORS, ARE OWNED BY A
21 COMPANY WHICH IS LIABLE TO PAY TO THE COMMONWEALTH A TAX
22 PURSUANT TO THIS ARTICLE.

23 "LEASE." ANY LEASING TRANSACTION IN WHICH THE LESSOR WOULD
24 BE TREATED AS OWNER OF THE LEASED PROPERTY UNDER GENERALLY
25 ACCEPTED ACCOUNTING PRINCIPLES. ALL OTHER TRANSACTIONS
26 PURPORTING TO BE LEASES SHALL BE TREATED AS LOANS FOR PURPOSES
27 OF THIS ARTICLE.

28 "LOCATED." AN INSTITUTION IS LOCATED IN THIS COMMONWEALTH IN
29 A TAXABLE YEAR ONLY IF ANY ONE OF THE FOLLOWING APPLY:

30 (1) SUCH INSTITUTION MAINTAINS AN OFFICE IN THIS

1 COMMONWEALTH.

2 (2) ONE OR MORE EMPLOYES OF THE INSTITUTION HAVE A REGULAR
3 PRESENCE IN THIS COMMONWEALTH.

4 (3) SUCH INSTITUTION HAS EMPLOYES, REPRESENTATIVES OR
5 INDEPENDENT CONTRACTORS CONDUCTING BUSINESS ACTIVITIES IN ITS
6 BEHALF IN THIS COMMONWEALTH.

7 (4) SUCH INSTITUTION ENGAGES IN REGULAR SOLICITATION IN THIS
8 COMMONWEALTH, WHETHER AT A PLACE OF BUSINESS, BY TRAVELING LOAN
9 OFFICERS OR OTHER REPRESENTATIVES, BY MAIL, BY TELEPHONE OR
10 OTHER ELECTRONIC MEANS, AND THE SOLICITATION RESULTS IN THE
11 CREATION OF A DEPOSITORY OR DIRECT DEBTOR/CREDITOR RELATIONSHIP
12 WITH A RESIDENT OF THIS COMMONWEALTH. FOR PURPOSES OF THIS
13 ARTICLE, MERE PROCESSING OR TRANSFER THROUGH FINANCIAL
14 INTERMEDIARIES OF CHECKS, CREDIT CARD RECEIVABLES, COMMERCIAL
15 PAPER AND THE LIKE DOES NOT CREATE A DEBTOR/CREDITOR
16 RELATIONSHIP. A FINANCIAL INSTITUTION IS ENGAGED IN REGULAR
17 SOLICITATION WITHIN THIS COMMONWEALTH IF IT HAS ENTERED INTO ANY
18 OF THE RELATIONSHIPS LISTED IN THIS CLAUSE WITH TWENTY OR MORE
19 RESIDENTS OF THIS COMMONWEALTH DURING ANY TAX PERIOD OR IF IT
20 HAS FIVE MILLION DOLLARS (\$5,000,000) OR MORE OF ASSETS
21 ATTRIBUTABLE TO SOURCES WITHIN THIS COMMONWEALTH AT ANY TIME
22 DURING THE TAX PERIOD.

23 (5) SUCH INSTITUTION OWNS TANGIBLE PROPERTY WHICH IS LOCATED
24 IN THIS COMMONWEALTH AND WHICH IS LEASED TO OTHERS FOR THEIR
25 USE.

26 (6) SUCH INSTITUTION OWNS OR LEASES TANGIBLE PROPERTY WHICH
27 IS LOCATED IN THIS COMMONWEALTH AND WHICH IT USES IN CONNECTION
28 WITH ITS ACTIVITIES IN THIS COMMONWEALTH.

29 "MAINTAINS AN OFFICE." AN INSTITUTION MAINTAINS AN OFFICE
30 WHEREVER IT HAS ESTABLISHED A REGULAR, CONTINUOUS AND FIXED

1 PLACE OF BUSINESS.

2 "ORIGINATION OF LOANS." A LOAN IS DEEMED TO HAVE ORIGINATED
3 IN THE STATE IN WHICH THE OFFICE IS LOCATED WHICH PROPERLY
4 TREATS THE LOAN AS AN ASSET ON ITS BOOKS OR RECORDS. HOWEVER, IF
5 AN INSTITUTION MAINTAINS AN OFFICE IN A STATE, THE FOLLOWING
6 RULES APPLY:

7 (1) LOANS SECURED PRIMARILY BY REAL PROPERTY ARE DEEMED TO
8 HAVE ORIGINATED AT AN OFFICE WITHIN THE STATE IN WHICH THE
9 PREDOMINANT PART OF THE SECURITY REAL PROPERTY IS OR WILL BE
10 LOCATED, IF AT LEAST ONE OF THE FOLLOWING ACTIVITIES OCCURS AT
11 AN OFFICE IN THE STATE:

12 (I) APPLICATION FOR THE LOAN;

13 (II) NEGOTIATION FOR THE LOAN;

14 (III) APPROVAL OF THE LOAN; OR

15 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

16 (2) ALL OTHER LOANS MADE TO BORROWERS RESIDING OR HAVING
17 THEIR COMMERCIAL DOMICILE WITHIN THE STATE ARE DEEMED TO HAVE
18 ORIGINATED AT AN OFFICE WITHIN THE STATE, IF AT LEAST ONE OF THE
19 FOLLOWING ACTIVITIES OCCURS AT AN OFFICE IN THE STATE:

20 (I) APPLICATION FOR THE LOAN;

21 (II) NEGOTIATION FOR THE LOAN;

22 (III) APPROVAL OF THE LOAN; OR

23 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

24 "PROPERTY LOCATED IN A STATE."

25 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS DEFINITION,
26 TANGIBLE PROPERTY, INCLUDING LEASED PROPERTY, SHALL BE DEEMED TO
27 BE LOCATED IN THE STATE IN WHICH THE PROPERTY IS PHYSICALLY
28 SITUATED.

29 (2) TANGIBLE PERSONAL PROPERTY WHICH IS CHARACTERISTICALLY
30 MOVING PROPERTY, SUCH AS MOTOR VEHICLES, ROLLING STOCK,

AIRCRAFT, VESSELS, MOBILE EQUIPMENT AND THE LIKE, SHALL BE
DEEMED TO BE LOCATED IN A STATE IF:

(I) THE OPERATION OF THE PROPERTY IS ENTIRELY WITHIN THE
STATE, OR THE OPERATION OUTSIDE OF THE STATE IS OCCASIONAL OR
INCIDENTAL TO ITS OPERATION WITHIN THE STATE;

(II) THE OPERATION OF THE PROPERTY IS IN TWO OR MORE STATES,
BUT THE PRINCIPAL BASE OF OPERATIONS FROM WHICH THE PROPERTY IS
SENT OUT IS IN THE STATE; OR

(III) THE STATE IS THE RESIDENCE OR COMMERCIAL DOMICILE OF
THE LESSEE OR OTHER USER OF THE PROPERTY, WHERE THERE IS NO
PRINCIPAL BASE OF OPERATIONS AND THE OPERATION OF THE PROPERTY
IS IN TWO OR MORE STATES.

"REGULAR PRESENCE OF EMPLOYEES." AN EMPLOYEE SHALL BE DEEMED
TO HAVE A REGULAR PRESENCE IN A STATE IF:

(1) A MAJORITY OF THE EMPLOYEE'S SERVICE IS PERFORMED WITHIN
THE STATE; OR

(2) THE OFFICE FROM WHICH HIS ACTIVITIES ARE DIRECTED OR
CONTROLLED IS LOCATED IN THE STATE, WHERE A MAJORITY OF THE
EMPLOYEE'S SERVICE IS NOT PERFORMED IN ANY ONE STATE.

"STATE." ANY OF THE SEVERAL STATES OF THE UNITED STATES, THE
DISTRICT OF COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY
TERRITORY OR POSSESSION OF THE UNITED STATES AND ANY FOREIGN
COUNTRY.

SECTION 18. THE HEADING OF ARTICLE VII-A OF THE ACT IS
AMENDED TO READ:

ARTICLE VII-A

ALTERNATIVE BANK [SHARE] AND TRUST

COMPANY SHARES TAX

SECTION 19. SECTION 701-A OF THE ACT, ADDED JULY 1, 1989
(P.L.95, NO.21), IS AMENDED TO READ:

1 SECTION 701-A. IMPOSITION OF TAX.--(A) EXCEPT AS MODIFIED
2 BY SUBSECTION (B), EVERY [BANK HAVING CAPITAL STOCK,
3 INCORPORATED BY OR UNDER ANY LAW OF THIS COMMONWEALTH OR UNDER
4 ANY LAW OF THE UNITED STATES, AND LOCATED WITHIN THIS
5 COMMONWEALTH,] INSTITUTION SHALL, ON OR BEFORE [APRIL] MARCH
6 15TH EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A
7 REPORT IN WRITING, VERIFIED AS REQUIRED BY LAW, SETTING FORTH
8 THE FULL NUMBER OF SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR
9 ISSUED, AS OF THE PRECEDING JANUARY 1, BY SUCH [BANK HAVING
10 CAPITAL STOCK] INSTITUTION, AND THE VALUE THEREOF AS OF THE
11 PRECEDING JANUARY 1, WHICH VALUE SHALL BE ASCERTAINED AS
12 HEREINAFTER PROVIDED. IT SHALL BE THE DUTY OF THE DEPARTMENT OF
13 REVENUE TO ASSESS SUCH SHARES AT THE RATE SPECIFIED BY
14 SUBSECTION (C) UPON EACH DOLLAR OF VALUE THEREOF, THE VALUE OF
15 EACH SHARE OF STOCK TO BE ASCERTAINED AND FIXED BY ADDING
16 TOGETHER THE AMOUNT OF CAPITAL STOCK PAID IN, THE SURPLUS AND
17 UNDIVIDED PROFITS, AND DIVIDING THIS AMOUNT BY THE NUMBER OF
18 SHARES. IT SHALL BE THE DUTY OF EVERY [BANK HAVING CAPITAL
19 STOCK] INSTITUTION, AT THE TIME OF MAKING EVERY REPORT REQUIRED
20 BY THIS SECTION, TO COMPUTE THE TAX AND TO PAY THE AMOUNT OF
21 SAID TAX TO THE STATE TREASURER, THROUGH THE DEPARTMENT OF
22 REVENUE EITHER FROM ITS GENERAL FUND, OR FROM THE AMOUNT OF SAID
23 TAX COLLECTED FROM ITS SHAREHOLDERS: [PROVIDED, THAT SUCH BANK
24 HAVING CAPITAL STOCK, UPON THE DATE ITS REPORT HEREIN REQUIRED
25 IS MADE FOR EACH CALENDAR YEAR, SHALL PAY TO THE DEPARTMENT OF
26 REVENUE NOT LESS THAN EIGHTY PER CENT OF THE TAX DUE TO THE
27 COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR, AND THE REMAINING TAX
28 DUE SHALL BE PAID AT THE TIME WHEN THE REPORT HEREIN REQUIRED
29 FOR THE YEAR NEXT SUCCEEDING IS MADE:] PROVIDED, THAT IN CASE
30 ANY [BANK HAVING CAPITAL STOCK, INCORPORATED UNDER THE LAWS OF

1 THIS COMMONWEALTH OR OF THE UNITED STATES,] INSTITUTION SHALL
2 COLLECT, ANNUALLY, FROM THE SHAREHOLDERS THEREOF SAID TAX,
3 ACCORDING TO THE PROVISIONS OF THIS ARTICLE, THAT HAVE BEEN
4 SUBSCRIBED FOR OR ISSUED, AND PAY THE SAME INTO THE STATE
5 TREASURY, THROUGH THE DEPARTMENT OF REVENUE, THE SHARES, AND SO
6 MUCH OF THE CAPITAL AND PROFITS OF SUCH [BANK HAVING CAPITAL
7 STOCK] INSTITUTION AS SHALL NOT BE INVESTED IN REAL ESTATE,
8 SHALL BE EXEMPT FROM LOCAL TAXATION UNDER THE LAWS OF THIS
9 COMMONWEALTH; AND SUCH [BANK HAVING CAPITAL STOCK] INSTITUTION
10 SHALL NOT BE REQUIRED TO MAKE ANY REPORT TO THE LOCAL ASSESSOR
11 OR COUNTY COMMISSIONERS OF ITS PERSONAL PROPERTY OWNED BY IT IN
12 ITS OWN RIGHT FOR PURPOSES OF TAXATION AND SHALL NOT BE REQUIRED
13 TO PAY ANY TAX THEREON.

14 (B) EVERY [BANK] INSTITUTION SUBJECT TO TAX UNDER THIS
15 ARTICLE SHALL, WITHIN ONE HUNDRED TWENTY DAYS OF THE DATE THIS
16 ARTICLE BECOMES EFFECTIVE:

17 (1) MAKE A REPORT FOR THE CALENDAR YEAR TO WHICH THIS
18 ARTICLE FIRST APPLIES AND PAY SUCH TAX AS MAY BE DUE IN
19 ACCORDANCE WITH THIS SECTION.

20 (2) MAKE A REPORT FOR THE SECOND CALENDAR YEAR TO WHICH THIS
21 ARTICLE APPLIES AND PAY SUCH TAX AS MAY BE DUE IN ACCORDANCE
22 WITH THIS SECTION.

23 (C) THE RATE OF TAX IMPOSED UNDER THIS ARTICLE FOR THE FIRST
24 CALENDAR YEAR TO WHICH THIS ARTICLE APPLIES AND THE SUCCEEDING
25 TWO CALENDAR YEARS SHALL BE 3.85 PER CENT. THE RATE OF TAX
26 IMPOSED UNDER THIS ARTICLE FOR EACH CALENDAR YEAR THEREAFTER
27 SHALL BE 1.075 PER CENT.

28 SECTION 20. SECTION 711-A OF THE ACT, ADDED JULY 1, 1989
29 (P.L.95, NO.21), IS AMENDED TO READ:

30 SECTION 711-A. PROCEDURE; ENFORCEMENT; PENALTIES.--PARTS

1 HERETOFORE OR HEREAFTER APPROVED,] EXCEPT ANY SUCH COMPANIES,
2 ALL OF THE SHARES OF CAPITAL STOCK OF WHICH (OTHER THAN SHARES
3 NECESSARY TO QUALIFY DIRECTORS) ARE OWNED BY A COMPANY WHICH IS
4 LIABLE TO PAY TO THE COMMONWEALTH A TAX ON SHARES, SHALL, ON OR
5 BEFORE MARCH 15 IN EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT
6 OF REVENUE A REPORT IN WRITING, SETTING FORTH THE FULL NUMBER OF
7 SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR ISSUED BY SUCH
8 COMPANY, AND THE TAXABLE AMOUNT OF SUCH SHARES OF CAPITAL STOCK
9 DETERMINED PURSUANT TO SECTION 801.1. IT SHALL BE THE DUTY OF
10 THE DEPARTMENT OF REVENUE, TO ASSESS SUCH SHARES FOR TAXATION
11 FOR CALENDAR YEARS BEGINNING JANUARY 1, 1971 THROUGH JANUARY 1,
12 1983, AT THE RATE OF FIFTEEN MILLS AND FOR THE CALENDAR YEARS
13 BEGINNING JANUARY 1, 1984, THROUGH JANUARY 1, 1988, AT THE RATE
14 OF ONE AND SEVENTY-FIVE ONE THOUSANDTHS PER CENT AND FOR THE
15 CALENDAR YEAR BEGINNING JANUARY 1, 1989, AT THE RATE OF 10.77
16 PER CENT AND FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 1990,
17 AND EACH CALENDAR YEAR THEREAFTER AT THE RATE OF 1.25 PER CENT
18 UPON EACH DOLLAR OF THE TAXABLE AMOUNT THEREOF, THE TAXABLE
19 AMOUNT OF EACH SHARE OF STOCK TO BE ASCERTAINED AND FIXED
20 PURSUANT TO SECTION 801.1, AND DIVIDING THIS AMOUNT BY THE
21 NUMBER OF SHARES.

22 (B) IT SHALL BE THE DUTY OF EVERY SUCH COMPANY, AT THE TIME
23 OF MAKING EVERY REPORT REQUIRED BY THIS SECTION, TO COMPUTE THE
24 TAX AND TO PAY THE AMOUNT OF SAID TAX TO THE STATE TREASURER,
25 THROUGH THE DEPARTMENT OF REVENUE, EITHER FROM ITS GENERAL FUND,
26 OR FROM THE AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS:
27 PROVIDED, THAT FOR THE CALENDAR YEARS BEGINNING JANUARY 1, 1971
28 THROUGH JANUARY 1, 1991, EVERY SUCH COMPANY SHALL, AT THE TIME
29 OF MAKING ITS REPORT FOR THE CALENDAR YEARS BEGINNING JANUARY 1,
30 1971 THROUGH JANUARY 1, 1991, COMPUTE THE TAX AND PAY TO THE

1 STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE, EITHER FROM
2 ITS GENERAL FUND, OR FROM THE AMOUNT OF SAID TAX COLLECTED FROM
3 ITS SHAREHOLDERS, NOT LESS THAN EIGHTY PER CENT OF THE TAX DUE
4 TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR AND THE
5 REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE REPORT
6 HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE: PROVIDED,
7 THAT UPON THE PAYMENT OF THE TAX FIXED BY THIS ACT INTO THE
8 STATE TREASURY, THROUGH THE DEPARTMENT OF REVENUE, THE SHARES
9 AND SO MUCH OF THE CAPITAL STOCK, SURPLUS, PROFITS, AND DEPOSITS
10 OF SUCH COMPANY AS SHALL NOT BE INVESTED IN REAL ESTATE, SHALL
11 BE EXEMPT FROM ALL OTHER TAXATION UNDER THE LAWS OF THIS
12 COMMONWEALTH. THE PROCEDURE, IN CASE THE DEPARTMENT OF REVENUE
13 BE NOT SATISFIED WITH THE REPORT MADE BY ANY TITLE INSURANCE [OR
14 TRUST] COMPANY, AND THE PENALTIES FOR FAILING TO MAKE SUCH
15 REPORT AND PAY THE TAX, SHALL BE AS PROVIDED BY LAW.

16 SECTION 23. SECTION 801.1 OF THE ACT, AMENDED JULY 1, 1989
17 (P.L.95, NO.21), IS AMENDED TO READ:

18 SECTION 801.1. ASCERTAINMENT OF TAXABLE AMOUNT; EXCLUSION OF
19 UNITED STATES OBLIGATIONS.--(A) THE TAXABLE AMOUNT OF SHARES
20 SHALL BE ASCERTAINED AND FIXED BY ADDING TOGETHER THE VALUE
21 DETERMINED UNDER SUBSECTION (B) FOR THE CURRENT AND PRECEDING
22 FIVE YEARS AND DIVIDING THE RESULTING SUM BY SIX. IF A COMPANY
23 HAS NOT BEEN IN EXISTENCE FOR A PERIOD OF SIX YEARS, THE TAXABLE
24 AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY ADDING
25 TOGETHER THE VALUE DETERMINED UNDER SUBSECTION (B) FOR THE
26 NUMBER OF YEARS THE COMPANY HAS BEEN IN EXISTENCE AND DIVIDING
27 THE RESULTING SUM BY SUCH NUMBER OF YEARS.

28 (B) THE VALUE FOR EACH YEAR REQUIRED BY SUBSECTION (A) SHALL
29 BE DETERMINED BY ADDING TOGETHER THE BOOK VALUE OF CAPITAL STOCK
30 PAID IN, THE BOOK VALUE OF THE SURPLUS, THE BOOK VALUE OF

1 UNDIVIDED PROFITS AND THE BOOK VALUE OF THE UNEARNED PREMIUM
2 RESERVE WITH A DEDUCTION FROM THE TOTAL THEREOF OF AN AMOUNT
3 EQUAL TO THE SAME PERCENTAGE OF SUCH TOTAL AS THE BOOK VALUE OF
4 OBLIGATIONS OF THE UNITED STATES BEARS TO THE BOOK VALUE OF THE
5 TOTAL ASSETS. FOR PURPOSES OF THIS SUBSECTION, IN THE CASE OF
6 [BANKS AND BANK AND TRUST COMPANIES, BOOK VALUES AND THE
7 DEDUCTION FOR UNITED STATES OBLIGATIONS FOR EACH YEAR SHALL BE
8 DETERMINED BY THE REPORTS OF CONDITION MADE IN EACH CALENDAR
9 QUARTER IN THE PRECEDING CALENDAR YEAR IN ACCORDANCE WITH THE
10 REQUIREMENTS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE
11 SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE FEDERAL DEPOSIT
12 INSURANCE CORPORATION OR OTHER APPLICABLE REGULATORY AUTHORITY
13 AND IN THE CASE OF] TITLE INSURANCE [AND TRUST] COMPANIES [WHICH
14 DO NOT FILE SUCH REPORTS OF CONDITION], BOOK VALUES AND THE
15 DEDUCTION FOR UNITED STATES OBLIGATIONS FOR EACH YEAR SHALL BE
16 DETERMINED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS OF THE
17 END OF EACH CALENDAR QUARTER IN THE PRECEDING CALENDAR YEAR AND
18 BOOK VALUES SHALL IN ALL CASES BE AVERAGED AS CALCULATED BY
19 AVERAGING BOOK VALUES AS DETERMINED [BY SUCH REPORTS OF
20 CONDITION OR AS DETERMINED] AT THE END OF EACH CALENDAR QUARTER
21 [IN THE CASE OF TITLE INSURANCE AND TRUST COMPANIES WHICH DO NOT
22 FILE SUCH REPORTS OF CONDITION]. FOR THE PURPOSES OF THIS
23 ARTICLE, UNITED STATES OBLIGATIONS SHALL BE OBLIGATIONS COMING
24 WITHIN THE SCOPE OF 31 U.S.C. § 3124. FOR ANY YEAR IN WHICH A
25 BANK OR BANK AND TRUST COMPANY DOES NOT FILE FOUR QUARTERLY
26 REPORTS OF CONDITION, BOOK VALUES AND DEDUCTIONS FOR UNITED
27 STATES OBLIGATIONS SHALL BE DETERMINED BY ADDING TOGETHER THE
28 BOOK VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS FROM
29 EACH QUARTERLY REPORTS OF CONDITION FILED FOR SUCH YEAR AND
30 DIVIDING THE RESULTING SUMS BY THE NUMBER OF SUCH REPORTS OF

1 CONDITION. FOR ANY YEAR IN WHICH A TITLE INSURANCE COMPANY [OR
2 TRUST COMPANY] IS NOT IN EXISTENCE FOR THE FULL YEAR, BOOK
3 VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS SHALL BE
4 DETERMINED BY ADDING TOGETHER THE BOOK VALUES AND DEDUCTIONS FOR
5 UNITED STATES OBLIGATIONS AS OF THE END OF EACH CALENDAR QUARTER
6 IN WHICH THE COMPANY WAS IN EXISTENCE AT THE END OF SUCH
7 CALENDAR QUARTER AND DIVIDING THE RESULTING SUMS BY THE NUMBER
8 OF SUCH CALENDAR QUARTERS. FOR PURPOSES OF THIS SECTION, A
9 PARTIAL YEAR SHALL BE TREATED AS A FULL YEAR.

10 (C) FOR PURPOSES OF THIS SECTION:

11 (1) A MERE CHANGE IN IDENTITY, FORM OR PLACE OF ORGANIZATION
12 OF ONE COMPANY, HOWEVER EFFECTED, SHALL BE TREATED AS IF A
13 SINGLE COMPANY HAD BEEN IN EXISTENCE PRIOR TO AS WELL AS AFTER
14 SUCH CHANGE; AND

15 (2) THE COMBINATION OF TWO OR MORE COMPANIES INTO ONE SHALL
16 BE TREATED AS IF THE CONSTITUENT COMPANIES HAD BEEN A SINGLE
17 COMPANY IN EXISTENCE PRIOR TO AS WELL AS AFTER THE COMBINATION
18 AND THE BOOK VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS
19 [FROM THE REPORTS OF CONDITION OR] AS DETERMINED BY GENERALLY
20 ACCEPTED ACCOUNTING PRINCIPLES AS OF THE END OF EACH CALENDAR
21 QUARTER OF THE CONSTITUENT COMPANIES SHALL BE COMBINED. FOR
22 PURPOSES OF THE PRECEDING SENTENCE, A COMBINATION SHALL INCLUDE
23 ANY ACQUISITION REQUIRED TO BE ACCOUNTED FOR BY THE SURVIVING
24 COMPANY UNDER THE POOLING OF INTEREST METHOD IN ACCORDANCE WITH
25 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR A STATUTORY MERGER
26 OR CONSOLIDATION.

27 SECTION 24. SECTION 802 OF THE ACT IS AMENDED TO READ:

28 SECTION 802. PROCEDURE; ENFORCEMENT; PENALTIES.--PARTS III,
29 IV, V, VI AND VII OF ARTICLE IV ARE INCORPORATED BY REFERENCE
30 INTO THIS ARTICLE INsofar AS THEY ARE APPLICABLE TO THE TAX

1 IMPOSED HEREUNDER. THE TAXABLE VALUE OF SHARES UNDER THIS
2 ARTICLE SHALL BE APPORTIONED UNDER THE PROVISIONS OF SECTION
3 701.4, EXCEPT THAT, IN ADDITION, FOR PURPOSES OF SECTION
4 701.4(3), RECEIPTS FROM THE ISSUANCE OF TITLE INSURANCE SHALL BE
5 LOCATED IN THE STATE IN WHICH THE REAL PROPERTY THAT IS INSURED
6 IS LOCATED.

7 SECTION 25. THE HEADING OF ARTICLE VIII-A AND SECTIONS 801-
8 A, 802-A AND 811-A OF THE ACT, ADDED JULY 1, 1989 (P.L.95,
9 NO.21), ARE AMENDED TO READ:

10 ARTICLE VIII-A
11 ALTERNATIVE TITLE INSURANCE [AND
12 TRUST] COMPANIES SHARES TAX

13 SECTION 801-A. IMPOSITION OF TAX.--(A) EXCEPT AS MODIFIED
14 BY SUBSECTION (B), EVERY COMPANY INCORPORATED UNDER THE
15 PROVISIONS OF SECTION 29 OF THE ACT OF APRIL 29, 1874 (P.L.73,
16 NO.32), KNOWN AS THE "CORPORATION ACT OF 1874," AND ITS
17 SUPPLEMENTS, OR ANY OTHER ACT OF ASSEMBLY HERETOFORE OR
18 HEREAFTER APPROVED, FOR THE INSURANCE OF OWNERS OF REAL ESTATE,
19 MORTGAGES, AND OTHERS INTERESTED IN REAL ESTATE, FROM LOSS BY
20 REASON OF DEFECTIVE TITLES, LIENS AND ENCUMBRANCES, [AND EVERY
21 COMPANY ENTITLED TO BENEFITS OF, AND EVERY COMPANY HAVING ANY OF
22 THE POWERS OF, COMPANIES ENTITLED TO THE BENEFITS OF THE ACT OF
23 JUNE 27, 1895 (P.L.399, NO.286), ENTITLED "AN ACT CONFERRING
24 UPON CERTAIN FIDELITY, INSURANCE, SAFETY DEPOSIT, TRUST AND
25 SAVINGS COMPANIES THE POWERS AND PRIVILEGES OF COMPANIES
26 INCORPORATED UNDER THE PROVISIONS OF SECTION TWENTY-NINE OF AN
27 ACT, ENTITLED 'AN ACT TO PROVIDE FOR THE INCORPORATION AND
28 REGULATION OF CERTAIN CORPORATIONS,' APPROVED APRIL 29, 1874,
29 AND OF THE SUPPLEMENTS THERETO," APPROVED JUNE 27, 1895,]
30 COMMONLY KNOWN AS TITLE INSURANCE [OR TRUST] COMPANIES, [AND

1 EVERY COMPANY ORGANIZED AS A BANK AND TRUST COMPANY OR AS A
2 TRUST COMPANY UNDER ANY ACT OF ASSEMBLY HERETOFORE OR HEREAFTER
3 APPROVED,] EXCEPT ANY SUCH COMPANIES, ALL OF THE SHARES OF
4 CAPITAL STOCK OF WHICH (OTHER THAN SHARES NECESSARY TO QUALIFY
5 DIRECTORS) ARE OWNED BY A COMPANY WHICH IS LIABLE TO PAY TO THE
6 COMMONWEALTH A TAX ON SHARES, SHALL, ON OR BEFORE APRIL 15 IN
7 EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A REPORT
8 IN WRITING SETTING FORTH THE FULL NUMBER OF SHARES OF THE
9 CAPITAL STOCK SUBSCRIBED FOR OR ISSUED BY SUCH COMPANY, AND THE
10 VALUE THEREOF AS OF JANUARY 1 PRECEDING, WHICH SHALL BE
11 ASCERTAINED AS HEREINAFTER PROVIDED. IT SHALL BE THE DUTY OF THE
12 DEPARTMENT OF REVENUE, TO ASSESS SUCH SHARES FOR TAXATION AT THE
13 RATE SPECIFIED BY SUBSECTION (C) UPON EACH DOLLAR OF THE VALUE
14 THEREOF, THE VALUE OF EACH SHARE OF STOCK TO BE ASCERTAINED AND
15 FIXED BY ADDING TOGETHER THE AMOUNT OF CAPITAL STOCK PAID IN,
16 THE SURPLUS, THE UNDIVIDED PROFITS AND THE UNEARNED PREMIUM
17 RESERVE, AND DIVIDING THIS AMOUNT BY THE NUMBER OF SHARES.

18 IT SHALL BE THE DUTY OF EVERY SUCH COMPANY, AT THE TIME OF
19 MAKING EVERY REPORT REQUIRED BY THIS SECTION, TO COMPUTE THE TAX
20 AND TO PAY THE AMOUNT OF SAID TAX TO THE STATE TREASURER,
21 THROUGH THE DEPARTMENT OF REVENUE, EITHER FROM ITS GENERAL FUND,
22 OR FROM THE AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS:
23 [PROVIDED, THAT EVERY SUCH COMPANY SHALL, AT THE TIME OF MAKING
24 ITS REPORT FOR EACH CALENDAR YEAR, COMPUTE THE TAX AND PAY TO
25 THE STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE, EITHER
26 FROM ITS GENERAL FUND, OR FROM THE AMOUNT OF SAID TAX COLLECTED
27 FROM ITS SHAREHOLDERS, NOT LESS THAN EIGHTY PER CENT OF THE TAX
28 DUE SHALL BE PAID AT THE TIME WHEN THE REPORT HEREIN REQUIRED
29 FOR THE YEAR NEXT SUCCEEDING IS MADE:] PROVIDED, THAT UPON THE
30 PAYMENT OF THE TAX FIXED BY THIS ACT INTO THE STATE TREASURY,

1 THROUGH THE DEPARTMENT OF REVENUE, THE SHARES AND SO MUCH OF THE
2 CAPITAL STOCK, SURPLUS, PROFITS AND DEPOSITS OF SUCH COMPANY AS
3 SHALL NOT BE INVESTED IN REAL ESTATE, SHALL BE EXEMPT FROM ALL
4 OTHER TAXATION UNDER THE LAWS OF THIS COMMONWEALTH. THE
5 PROCEDURE, IN CASE THE DEPARTMENT OF REVENUE BE NOT SATISFIED
6 WITH THE REPORT MADE BY ANY TITLE INSURANCE [OR TRUST] COMPANY,
7 AND THE PENALTIES FOR FAILING TO MAKE SUCH REPORT AND PAY THE
8 TAX, SHALL BE AS PROVIDED BY LAW.

9 (B) EVERY COMPANY SUBJECT TO TAX UNDER THIS ARTICLE SHALL,
10 WITHIN ONE HUNDRED TWENTY DAYS OF THE DATE THIS ARTICLE BECOMES
11 EFFECTIVE:

12 (1) MAKE A REPORT FOR THE CALENDAR YEAR TO WHICH THIS
13 ARTICLE FIRST APPLIES AND PAY SUCH TAX AS MAY BE DUE IN
14 ACCORDANCE WITH THIS SECTION.

15 (2) MAKE A REPORT FOR THE SECOND CALENDAR YEAR TO WHICH THIS
16 ARTICLE APPLIES AND PAY SUCH TAX AS MAY BE DUE IN ACCORDANCE
17 WITH THIS SECTION.

18 (C) THE RATE OF TAX IMPOSED UNDER THIS ARTICLE FOR THE FIRST
19 CALENDAR YEAR TO WHICH THIS ARTICLE APPLIES AND THE SUCCEEDING
20 TWO CALENDAR YEARS SHALL BE 3.85 PER CENT. THE RATE OF TAX
21 IMPOSED UNDER THIS ARTICLE FOR EACH CALENDAR YEAR THEREAFTER
22 SHALL BE 1.075 PER CENT.

23 SECTION 802-A. ASCERTAINMENT OF VALUE; EXCLUSION OF UNITED
24 STATES OBLIGATIONS.--THE VALUE OF SHARES SHALL BE ASCERTAINED
25 AND FIXED PURSUANT TO SECTION 801-A BY ADDING TOGETHER THE BOOK
26 VALUE OF CAPITAL STOCK PAID IN, THE BOOK VALUE OF THE SURPLUS,
27 THE BOOK VALUE OF UNDIVIDED PROFITS AND THE BOOK VALUE OF THE
28 UNEARNED PREMIUM RESERVE WITH A DEDUCTION FROM THE TOTAL THEREOF
29 OF AN AMOUNT EQUAL TO THE SAME PERCENTAGE OF SUCH TOTAL AS THE
30 BOOK VALUE OF OBLIGATIONS OF THE UNITED STATES BEARS TO THE BOOK

1 VALUE OF THE TOTAL ASSETS. FOR PURPOSES OF THIS SECTION, IN [THE
2 CASE OF BANKS AND BANK AND TRUST COMPANIES, BOOK VALUES SHALL BE
3 DETERMINED BY THE REPORTS OF CONDITION MADE IN EACH CALENDAR
4 QUARTER IN THE PRECEDING CALENDAR YEAR IN ACCORDANCE WITH THE
5 REQUIREMENTS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE
6 SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE FEDERAL DEPOSIT
7 INSURANCE CORPORATION OR OTHER APPLICABLE REGULATORY AUTHORITY
8 AND IN] THE CASE OF TITLE INSURANCE [AND TRUST] COMPANIES [WHICH
9 DO NOT FILE SUCH REPORTS OF CONDITION,] BOOK VALUES SHALL BE
10 DETERMINED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS OF THE
11 END OF EACH CALENDAR QUARTER IN THE PRECEDING CALENDAR YEAR AND
12 BOOK VALUES SHALL IN ALL CASES BE AVERAGED AS CALCULATED BY
13 AVERAGING BOOK VALUES AS DETERMINED [BY SUCH REPORTS OF
14 CONDITION OR AS DETERMINED] AT THE END OF EACH CALENDAR QUARTER
15 [IN THE CASE OF TITLE INSURANCE AND TRUST COMPANIES WHICH DO NOT
16 FILE SUCH REPORTS OF CONDITION]. FOR THE PURPOSES OF THIS
17 ARTICLE, UNITED STATES OBLIGATIONS SHALL BE OBLIGATIONS COMING
18 WITHIN THE SCOPE OF 31 U.S.C. § 3124.

19 SECTION 811-A. PROCEDURE; ENFORCEMENT; PENALTIES.--PARTS
20 III, IV, V, VI AND VII OF ARTICLE VI ARE INCORPORATED BY
21 REFERENCE INTO THIS ARTICLE INSOFAR AS THEY ARE APPLICABLE TO
22 THE TAX IMPOSED UNDER THIS ARTICLE. THE TAXABLE VALUE OF SHARES
23 UNDER THIS ARTICLE SHALL BE APPORTIONED UNDER THE PROVISIONS OF
24 SECTION 701.4, EXCEPT THAT, IN ADDITION, FOR PURPOSES OF SECTION
25 701.4(3), RECEIPTS FROM THE ISSUANCE OF TITLE INSURANCE SHALL BE
26 LOCATED IN THE STATE IN WHICH THE REAL PROPERTY THAT IS INSURED
27 IS LOCATED.

28 SECTION 26. SECTION 1101 OF THE ACT IS AMENDED BY ADDING A
29 SUBSECTION TO READ:

30 SECTION 1101. IMPOSITION OF TAX.--* * *

1 (I) ITEMIZATION OF GROSS RECEIPTS TAX.--

2 (1) INTEREXCHANGE TELECOMMUNICATIONS CARRIERS MAY SURCHARGE
3 AND DISCLOSE AS A SEPARATE LINE ITEM ON A CUSTOMER'S BILL ALL
4 GROSS RECEIPTS TAXES IMPOSED ON INTEREXCHANGE TELECOMMUNICATIONS
5 CARRIERS SERVICES PERFORMED WHOLLY WITHIN THIS COMMONWEALTH.

6 (2) FOR FOUR MONTHLY BILLING CYCLES FROM THE EFFECTIVE DATE
7 OF THIS ACT, ALL INTEREXCHANGE TELECOMMUNICATIONS CARRIERS SHALL
8 PROVIDE THE CUSTOMER WITH INFORMATION IN THE CARRIERS' MONTHLY
9 BILLING THAT THE GROSS RECEIPTS LINE ITEM SURCHARGE IS NOT A TAX
10 INCREASE, BUT MERELY A DISCLOSURE OF TAXES PRESENTLY AND
11 PREVIOUSLY PAID BY THE CUSTOMER.

12 (3) AS USED IN THIS SUBSECTION, THE TERM "INTEREXCHANGE
13 TELECOMMUNICATIONS CARRIER" HAS THE MEANING AS DEFINED IN 66
14 PA.C.S. § 3002 (RELATING TO DEFINITIONS).

15 SECTION 27. SECTION 1101-C OF THE ACT IS AMENDED BY ADDING A
16 DEFINITION TO READ:

17 SECTION 1101-C. DEFINITIONS.--THE FOLLOWING WORDS WHEN USED
18 IN THIS ARTICLE SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS
19 SECTION:

20 * * *

21 "FAMILY FARM PARTNERSHIP." A PARTNERSHIP OF WHICH AT LEAST
22 SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS
23 OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER CENT OF THE
24 INTERESTS IN THE PARTNERSHIP ARE CONTINUOUSLY OWNED BY MEMBERS
25 OF THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL NOT BE
26 DEEMED TO INCLUDE:

27 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,
28 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

29 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
30 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE

1 IN SPORTING OR RECREATIONAL ACTIVITIES;

2 (3) FUR FARMING;

3 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

4 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

5 * * *

6 SECTION 28. SECTION 1102-C.3(20) OF THE ACT, ADDED JULY 2,
7 1986 (P.L.318, NO.77), IS AMENDED AND THE SECTION IS AMENDED BY
8 ADDING A CLAUSE TO READ:

9 SECTION 1102-C.3. EXCLUDED TRANSACTIONS.--THE TAX IMPOSED BY
10 SECTION 1102-C SHALL NOT BE IMPOSED UPON:

11 * * *

12 (19.1) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF
13 AGRICULTURE TO A FAMILY FARM PARTNERSHIP BY A MEMBER OF THE SAME
14 FAMILY, WHICH FAMILY DIRECTLY OWNS AT LEAST SEVENTY-FIVE PER
15 CENT OF THE INTERESTS IN THE PARTNERSHIP.

16 (20) A TRANSFER BETWEEN MEMBERS OF THE SAME FAMILY OF AN
17 OWNERSHIP INTEREST IN A REAL ESTATE COMPANY [OR], FAMILY FARM
18 CORPORATION OR FAMILY FARM PARTNERSHIP WHICH OWNS REAL ESTATE.

19 * * *

20 SECTION 29. SECTION 1102-C.5 OF THE ACT IS AMENDED BY ADDING
21 A SUBSECTION TO READ:

22 SECTION 1102-C.5. ACQUIRED COMPANY.--* * *

23 (B.1) A FAMILY FARM PARTNERSHIP IS AN ACQUIRED COMPANY WHEN,
24 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE
25 A FAMILY FARM PARTNERSHIP OR WHEN, BECAUSE OF TRANSFER OF
26 PARTNERSHIP INTERESTS OR BECAUSE OF ACQUISITION OR TRANSFER OF
27 ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS
28 TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM PARTNERSHIP
29 UNDER THIS ACT.

30 * * *

SECTION 30. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

ARTICLE XVI-A

PASSENGER CAR RENTAL TAX

SECTION 1601-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

"MOTOR VEHICLE." A PRIVATE PASSENGER MOTOR VEHICLE DESIGNED TO TRANSPORT FIFTEEN OR FEWER PASSENGERS THAT IS RENTED WITHOUT A DRIVER AND IS PART OF A FLEET OF FIVE OR MORE PASSENGER VEHICLES USED FOR THAT PURPOSE, OWNED OR LEASED BY THE SAME PERSON OR ENTITY.

"VEHICLE RENTAL COMPANY." ANY BUSINESS ENTITY ENGAGED IN THE BUSINESS OF RENTING MOTOR VEHICLES IN THIS COMMONWEALTH.

SECTION 1602-A. PASSENGER CAR RENTAL TAX.--(A) EACH VEHICLE RENTAL COMPANY SHALL COLLECT, AT THE TIME THE MOTOR VEHICLE IS RENTED IN THIS COMMONWEALTH, ON EACH RENTAL CONTRACT FOR A PERIOD OF TWENTY-NINE OR FEWER CONSECUTIVE DAYS, A TAX EQUAL TO TWO PER CENT OF THE PURCHASE PRICE OF THE RENTAL.

SECTION 1603-A. REPORTING AND REMITTANCE OF TAX.--(A) THE TAX SHALL BE REPORTED AND REMITTED IN THE SAME MANNER AS THE TAX IMPOSED BY ARTICLE XXIII OF THIS ACT, EXCEPT THAT, NO LATER THAN FEBRUARY 15 OF EACH CALENDAR YEAR, EACH VEHICLE RENTAL COMPANY SHALL FILE A REPORT WITH THE DEPARTMENT OF REVENUE ON A FORM PRESCRIBED BY THE DEPARTMENT. THE REPORT SHALL INCLUDE THE AMOUNT OF TAX REMITTED DURING THE PREVIOUS CALENDAR YEAR AND THE TOTAL AMOUNT OF MOTOR VEHICLE LICENSING AND TITLE FEES IMPOSED BY THE COMMONWEALTH UNDER 75 PA.C.S. (RELATING TO VEHICLES) ON THE VEHICLE RENTAL COMPANY'S MOTOR VEHICLES AND PAID TO THE COMMONWEALTH BY THE VEHICLE RENTAL COMPANY IN THE PREVIOUS

1 CALENDAR YEAR.

2 (B) WHEN RECONCILING THE REPORTS AND REMITTANCES FILED
3 DURING THE PREVIOUS CALENDAR YEAR WITH THE ANNUAL REPORT, THE
4 DEPARTMENT SHALL ALLOW AGAINST THE TAX IMPOSED BY SUBSECTION (A)
5 A CREDIT EQUAL TO THE TOTAL AMOUNT OF LICENSING AND TITLE FEES
6 IMPOSED BY THE COMMONWEALTH UNDER 75 PA.C.S. ON THE VEHICLE
7 RENTAL COMPANY'S MOTOR VEHICLES AND PAID TO THE COMMONWEALTH BY
8 THE VEHICLE RENTAL COMPANY IN THE PREVIOUS CALENDAR YEAR. THE
9 DEPARTMENT SHALL REFUND TO THE TAXPAYER THE CREDIT VERIFIED FROM
10 THE ANNUAL REPORT. THE AMOUNT OF SUCH VERIFIED CREDIT SHALL NOT
11 EXCEED THE AMOUNT OF TAX COLLECTED AND REMITTED BY THE TAXPAYER
12 FOR THE CALENDAR YEAR FOR WHICH THE CLAIM IS MADE. IF THE AMOUNT
13 OF THE TAX COLLECTED EXCEEDS THE AMOUNT OF LICENSING FEES AND
14 TITLE FEES PAID THE COMMONWEALTH, THE EXCESS COLLECTION SHALL BE
15 DEPOSITED BY THE DEPARTMENT INTO THE GENERAL FUND.

16 (C) UNLESS OTHERWISE NOTED, THE PROVISIONS OF ARTICLE II OF
17 THIS ACT SHALL APPLY TO THE TAX REQUIRED UNDER THIS ARTICLE.

18 SECTION 1604-A. APPLICATION.--THIS ARTICLE SHALL APPLY TO
19 ALL RENTAL CONTRACTS ENTERED INTO ON OR AFTER JULY 1, 1994.

20 ARTICLE XIX-A

21 NEIGHBORHOOD ASSISTANCE TAX CREDIT

22 SECTION 1901-A. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN
23 AND MAY BE CITED AS THE "NEIGHBORHOOD ASSISTANCE ACT."

24 SECTION 1902-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
25 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS
26 ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
27 CLEARLY INDICATES A DIFFERENT MEANING:

28 "BUSINESS FIRM." ANY BUSINESS ENTITY AUTHORIZED TO DO
29 BUSINESS IN THIS COMMONWEALTH AND SUBJECT TO TAXES IMPOSED BY
30 ARTICLE IV, VI, VII, VII-A, VIII, VIII-A, IX OR X OF THIS ACT.

1 "COMMUNITY SERVICES." ANY TYPE OF COUNSELING AND ADVICE,
2 EMERGENCY ASSISTANCE OR MEDICAL CARE FURNISHED TO INDIVIDUALS OR
3 GROUPS IN AN IMPOVERISHED AREA.

4 "COMPREHENSIVE SERVICE PLAN." A STRATEGY DEVELOPED JOINTLY
5 BY A NEIGHBORHOOD ORGANIZATION AND A SPONSORING BUSINESS FIRM OR
6 PRIVATE COMPANY FOR THE STABILIZATION AND IMPROVEMENT OF AN
7 IMPOVERISHED AREA WITHIN AN URBAN NEIGHBORHOOD OR RURAL
8 COMMUNITY.

9 "COMPREHENSIVE SERVICE PROJECT." ANY ACTIVITY CONDUCTED
10 JOINTLY BY A NEIGHBORHOOD ORGANIZATION AND A SPONSORING BUSINESS
11 FIRM WHICH IMPLEMENTS A COMPREHENSIVE SERVICE PLAN.

12 "CRIME PREVENTION." ANY ACTIVITY WHICH AIDS IN THE REDUCTION
13 OF CRIME IN AN IMPOVERISHED AREA.

14 "EDUCATION." ANY TYPE OF SCHOLASTIC INSTRUCTION OR
15 SCHOLARSHIP ASSISTANCE TO AN INDIVIDUAL WHO RESIDES IN AN
16 IMPOVERISHED AREA THAT ENABLES HIM TO PREPARE HIMSELF FOR BETTER
17 LIFE OPPORTUNITIES.

18 "ENTERPRISE ZONES." SPECIFIC LOCATIONS WITH IDENTIFIABLE
19 BOUNDARIES WITHIN IMPOVERISHED AREAS WHICH ARE DESIGNATED AS
20 ENTERPRISE ZONES BY THE SECRETARY OF COMMUNITY AFFAIRS.

21 "IMPOVERISHED AREA." ANY AREA IN THIS COMMONWEALTH WHICH IS
22 CERTIFIED AS SUCH BY THE DEPARTMENT OF COMMUNITY AFFAIRS AND THE
23 CERTIFICATION IS APPROVED BY THE GOVERNOR. SUCH CERTIFICATION
24 SHALL BE MADE ON THE BASIS OF FEDERAL CENSUS STUDIES AND CURRENT
25 INDICES OF SOCIAL AND ECONOMIC CONDITIONS.

26 "JOB TRAINING." ANY TYPE OF INSTRUCTION TO AN INDIVIDUAL WHO
27 RESIDES IN AN IMPOVERISHED AREA THAT ENABLES HIM TO ACQUIRE
28 VOCATIONAL SKILLS SO THAT HE CAN BECOME EMPLOYABLE OR BE ABLE TO
29 SEEK A HIGHER GRADE OF EMPLOYMENT.

30 "NEIGHBORHOOD ASSISTANCE." FURNISHING FINANCIAL ASSISTANCE,

1 LABOR, MATERIAL AND TECHNICAL ADVICE TO AID IN THE PHYSICAL
2 IMPROVEMENT OF ANY PART OR ALL OF AN IMPOVERISHED AREA.

3 "NEIGHBORHOOD ORGANIZATION." ANY ORGANIZATION PERFORMING
4 COMMUNITY SERVICES, OFFERING NEIGHBORHOOD ASSISTANCE, OR
5 PROVIDING JOB TRAINING, EDUCATION OR CRIME PREVENTION IN AN
6 IMPOVERISHED AREA, HOLDING A RULING FROM THE INTERNAL REVENUE
7 SERVICE OF THE UNITED STATES DEPARTMENT OF THE TREASURY THAT THE
8 ORGANIZATION IS EXEMPT FROM INCOME TAXATION UNDER THE PROVISIONS
9 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
10 U.S.C. § 1 ET SEQ.) AND APPROVED BY THE DEPARTMENT OF COMMUNITY
11 AFFAIRS.

12 "PRIVATE COMPANY." ANY AGRICULTURAL, INDUSTRIAL,
13 MANUFACTURING OR RESEARCH AND DEVELOPMENT ENTERPRISE AS DEFINED
14 IN SECTION 3 OF THE ACT OF MAY 17, 1956 (1955 P.L.1609, NO.537),
15 KNOWN AS THE "PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY
16 ACT," OR ANY COMMERCIAL ENTERPRISE AS DEFINED IN SECTION 3 OF
17 THE ACT OF AUGUST 23, 1967 (P.L.251, NO.102), KNOWN AS THE
18 "ECONOMIC DEVELOPMENT FINANCING LAW."

19 "QUALIFIED INVESTMENTS." ANY INVESTMENTS MADE BY A PRIVATE
20 COMPANY WHICH PROMOTE COMMUNITY ECONOMIC DEVELOPMENT PURSUANT TO
21 A PLAN WHICH HAS BEEN DEVELOPED IN COOPERATION WITH AND APPROVED
22 BY A NEIGHBORHOOD ORGANIZATION OPERATING PURSUANT TO A PLAN FOR
23 THE ADMINISTRATION OF TAX CREDITS APPROVED BY THE DEPARTMENT OF
24 COMMUNITY AFFAIRS.

25 SECTION 1903-A. PUBLIC POLICY.--IT IS HEREBY DECLARED TO BE
26 PUBLIC POLICY OF THIS COMMONWEALTH TO ENCOURAGE INVESTMENT BY
27 BUSINESS FIRMS IN OFFERING NEIGHBORHOOD ASSISTANCE AND PROVIDING
28 JOB TRAINING, EDUCATION, CRIME PREVENTION AND COMMUNITY
29 SERVICES, TO ENCOURAGE CONTRIBUTIONS BY BUSINESS FIRMS TO
30 NEIGHBORHOOD ORGANIZATIONS WHICH OFFER AND PROVIDE SUCH

1 ASSISTANCE AND SERVICES AND TO PROMOTE QUALIFIED INVESTMENTS
2 MADE BY PRIVATE COMPANIES TO REHABILITATE, EXPAND OR IMPROVE
3 BUILDINGS OR LAND WHICH PROMOTE COMMUNITY ECONOMIC DEVELOPMENT
4 AND WHICH OCCUR IN PORTIONS OF IMPOVERISHED AREAS WHICH HAVE
5 BEEN DESIGNATED AS ENTERPRISE ZONES.

6 SECTION 1904-A. TAX CREDIT.--(A) ANY BUSINESS FIRM WHICH
7 ENGAGES OR CONTRIBUTES TO A NEIGHBORHOOD ORGANIZATION WHICH
8 ENGAGES IN THE ACTIVITIES OF PROVIDING NEIGHBORHOOD ASSISTANCE,
9 JOB TRAINING OR EDUCATION FOR INDIVIDUALS, COMMUNITY SERVICES,
10 OR CRIME PREVENTION IN AN IMPOVERISHED AREA OR PRIVATE COMPANY
11 WHICH MAKES QUALIFIED INVESTMENT TO REHABILITATE, EXPAND OR
12 IMPROVE BUILDINGS OR LAND LOCATED WITHIN PORTIONS OF
13 IMPOVERISHED AREAS WHICH HAVE BEEN DESIGNATED AS ENTERPRISE
14 ZONES SHALL RECEIVE A TAX CREDIT AS PROVIDED IN SECTION 1905-A
15 IF THE SECRETARY OF COMMUNITY AFFAIRS ANNUALLY APPROVES THE
16 PROPOSAL OF SUCH BUSINESS FIRM OR PRIVATE COMPANY. THE PROPOSAL
17 SHALL SET FORTH THE PROGRAM TO BE CONDUCTED, THE IMPOVERISHED
18 AREA SELECTED, THE ESTIMATED AMOUNT TO BE INVESTED IN THE
19 PROGRAM AND THE PLANS FOR IMPLEMENTING THE PROGRAM.

20 (B) THE SECRETARY OF COMMUNITY AFFAIRS IS HEREBY AUTHORIZED
21 TO PROMULGATE RULES AND REGULATIONS FOR THE APPROVAL OR
22 DISAPPROVAL OF SUCH PROPOSALS BY BUSINESS FIRMS OR PRIVATE
23 COMPANIES AND PROVIDE A LISTING OF ALL APPLICATIONS RECEIVED AND
24 THEIR DISPOSITION IN EACH FISCAL YEAR TO THE GENERAL ASSEMBLY BY
25 OCTOBER 1 OF THE FOLLOWING FISCAL YEAR.

26 (C) THE TOTAL AMOUNT OF TAX CREDIT GRANTED FOR PROGRAMS
27 APPROVED UNDER THIS ACT SHALL NOT EXCEED FOURTEEN MILLION SEVEN
28 HUNDRED FIFTY THOUSAND DOLLARS (\$14,750,000) OF TAX CREDIT IN
29 ANY FISCAL YEAR, SUBJECT TO THE FOLLOWING:

30 (1) TWO MILLION DOLLARS (\$2,000,000) OF THE TOTAL AMOUNT OF

1 TAX CREDIT SHALL BE ALLOCATED FOR COMPREHENSIVE SERVICE
2 PROJECTS, BUT THE SECRETARY OF COMMUNITY AFFAIRS MAY REALLOCATE
3 ANY UNUSED PORTION OF THE TWO MILLION DOLLARS (\$2,000,000) FOR
4 ANY OTHER PROGRAM AUTHORIZED BY THIS ACT IF INSUFFICIENT
5 APPLICATIONS ARE MADE FOR COMPREHENSIVE SERVICE PROJECTS; AND
6 (2) FOUR MILLION DOLLARS (\$4,000,000) OF THE TOTAL AMOUNT OF
7 TAX CREDIT SHALL BE SET ASIDE EXCLUSIVELY FOR PRIVATE COMPANIES
8 WHICH MAKE QUALIFIED INVESTMENTS TO REHABILITATE, EXPAND OR
9 IMPROVE BUILDINGS OR LAND WHICH PROMOTE COMMUNITY ECONOMIC
10 DEVELOPMENT AND WHICH OCCUR IN PORTIONS OF IMPOVERISHED AREAS
11 WHICH HAVE BEEN DESIGNATED AS ENTERPRISE ZONES.

12 SECTION 1905-A. GRANT OF TAX CREDIT.--THE DEPARTMENT OF
13 REVENUE SHALL GRANT A TAX CREDIT AGAINST ANY TAX DUE UNDER
14 ARTICLE IV, VI, VII, VII-A, VIII, VIII-A, IX, X OR XV OF THIS
15 ACT, OR ANY TAX SUBSTITUTED IN LIEU THEREOF IN AN AMOUNT WHICH
16 SHALL NOT EXCEED FIFTY PER CENT OF THE TOTAL AMOUNT INVESTED
17 DURING THE TAXABLE YEAR BY THE BUSINESS FIRM OR TWENTY PER CENT
18 OF QUALIFIED INVESTMENTS BY A PRIVATE COMPANY IN PROGRAMS
19 APPROVED PURSUANT TO SECTION 1904-A OF THIS ACT: PROVIDED, THAT
20 A TAX CREDIT OF UP TO SEVENTY PER CENT OF THE TOTAL AMOUNT
21 INVESTED DURING THE TAXABLE YEAR BY A BUSINESS FIRM OR UP TO
22 THIRTY PER CENT OF THE AMOUNT OF QUALIFIED INVESTMENTS BY A
23 PRIVATE COMPANY MAY BE ALLOWED FOR INVESTMENT IN PROGRAMS WHERE
24 ACTIVITIES FALL WITHIN THE SCOPE OF SPECIAL PROGRAM PRIORITIES
25 AS DEFINED WITH THE APPROVAL OF THE GOVERNOR IN REGULATIONS
26 PROMULGATED BY THE SECRETARY OF THE DEPARTMENT OF COMMUNITY
27 AFFAIRS. REGULATIONS ESTABLISHING SPECIAL PROGRAM PRIORITIES ARE
28 TO BE PROMULGATED DURING THE FIRST MONTH OF EACH FISCAL YEAR AND
29 AT SUCH TIMES DURING THE YEAR AS THE PUBLIC INTEREST DICTATES.
30 SUCH CREDIT SHALL NOT EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS

1 (\$250,000) ANNUALLY, EXCEPT IN THE CASE OF COMPREHENSIVE SERVICE
2 PROJECTS WHICH SHALL BE ALLOWED AN ADDITIONAL CREDIT EQUAL TO
3 SEVENTY PER CENT OF THE QUALIFYING INVESTMENTS MADE IN
4 COMPREHENSIVE SERVICE PROJECTS; HOWEVER, SUCH ADDITIONAL CREDIT
5 SHALL NOT EXCEED ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
6 (\$175,000) ANNUALLY. NO TAX CREDIT SHALL BE GRANTED TO ANY BANK,
7 BANK AND TRUST COMPANY, INSURANCE COMPANY, TRUST COMPANY,
8 NATIONAL BANK, SAVINGS ASSOCIATION, MUTUAL SAVINGS BANK OR
9 BUILDING AND LOAN ASSOCIATION FOR ACTIVITIES THAT ARE A PART OF
10 ITS NORMAL COURSE OF BUSINESS. ANY TAX CREDIT NOT USED IN THE
11 PERIOD THE INVESTMENT WAS MADE MAY BE CARRIED OVER FOR THE NEXT
12 FIVE SUCCEEDING CALENDAR OR FISCAL YEARS UNTIL THE FULL CREDIT
13 HAS BEEN ALLOWED. THE TOTAL AMOUNT OF ALL TAX CREDITS ALLOWED
14 PURSUANT TO THIS ACT SHALL NOT EXCEED FOURTEEN MILLION SEVEN
15 HUNDRED FIFTY THOUSAND DOLLARS (\$14,750,000) IN ANY ONE FISCAL
16 YEAR.

17 SECTION 1906-A. DECISION IN WRITING.--THE DECISION OF THE
18 SECRETARY OF COMMUNITY AFFAIRS TO APPROVE OR DISAPPROVE A
19 PROPOSAL PURSUANT TO SECTION 1904-A OF THIS ACT SHALL BE IN
20 WRITING, AND IF IT APPROVES THE PROPOSAL, IT SHALL STATE THE
21 MAXIMUM CREDIT ALLOWABLE TO THE BUSINESS FIRM. A COPY OF THE
22 DECISION OF THE SECRETARY OF COMMUNITY AFFAIRS SHALL BE
23 TRANSMITTED TO THE GOVERNOR AND TO THE SECRETARY OF REVENUE.

24 SECTION 31. SECTION 2010(B) OF THE ACT, ADDED DECEMBER 22,
25 1989 (P.L.775, NO.110), IS AMENDED TO READ:

26 SECTION 2010. LIMITED TAX CREDITS.--* * *

27 (B) AS USED IN THIS SECTION:

28 "AMOUNTS PAID." THE PHRASE MEANS (I) AMOUNTS ACTUALLY PAID,
29 OR (II) AT THE TAXPAYER'S ELECTION, AMOUNTS PROMISED TO BE PAID
30 UNDER FIRM PURCHASE CONTRACTS ACTUALLY EXECUTED DURING ANY

1 CALENDAR YEAR FALLING WITHIN THE EFFECTIVE PERIOD OF THIS
2 SECTION: PROVIDED, HOWEVER, THAT THERE SHALL BE NO DUPLICATION
3 OF "AMOUNTS PAID" UNDER THIS DEFINITION.

4 "EFFECTIVE PERIOD." THE PERIOD FROM JANUARY 1, 1974, TO
5 [DECEMBER 31, 1993] DECEMBER 31, 1998, INCLUSIVE.

6 "QUALIFYING CAPITAL EXPENDITURES." AMOUNTS PAID BY A
7 TAXPAYER DURING THE EFFECTIVE PERIOD OF THIS SECTION FOR THE
8 PURCHASE OF ITEMS OF PLANT, MACHINERY OR EQUIPMENT FOR USE BY
9 THE TAXPAYER WITHIN THIS COMMONWEALTH IN THE MANUFACTURE AND
10 SALE OF MALT OR BREWED BEVERAGES: PROVIDED, HOWEVER, THAT THE
11 TOTAL AMOUNT OF QUALIFYING CAPITAL EXPENDITURES MADE BY A
12 TAXPAYER WITHIN A SINGLE CALENDAR YEAR SHALL NOT EXCEED TWO
13 HUNDRED THOUSAND DOLLARS (\$200,000).

14 "SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH OF
15 PENNSYLVANIA WHERE NOT OTHERWISE QUALIFIED.

16 "TAXPAYER." A MANUFACTURER OF MALT OR BREWED BEVERAGES
17 CLAIMING A TAX CREDIT OR CREDITS UNDER THIS SECTION AND HAVING
18 AN ANNUAL PRODUCTION OF MALT OR BREWED BEVERAGES THAT DOES NOT
19 EXCEED THREE HUNDRED THOUSAND (300,000) BARRELS.

20 * * *

21 SECTION 32. SECTION 2107 OF THE ACT IS AMENDED BY ADDING A
22 SUBSECTION TO READ:

23 SECTION 2107. TRANSFERS SUBJECT TO TAX.--* * *

24 (D) ALL SUCCEEDING INTERESTS WHICH FOLLOW THE INTEREST OF A
25 SURVIVING SPOUSE IN A TRUST OR SIMILAR ARRANGEMENT, TO THE
26 EXTENT SPECIFIED IN SECTION 2113, ARE TRANSFERS SUBJECT TO TAX
27 AS IF THE SURVIVING SPOUSE WERE THE TRANSFEROR.

28 SECTION 33. SECTIONS 2108(B) AND 2111(K) AND (M) OF THE ACT,
29 ADDED AUGUST 4, 1991 (P.L.97, NO.22), ARE AMENDED TO READ:

30 SECTION 2108. JOINT TENANCY.--* * *

(B) [EXCEPT AS PROVIDED IN SUBSECTION (C), THIS] THIS
SECTION SHALL NOT APPLY TO PROPERTY AND INTERESTS IN PROPERTY
PASSING BY RIGHT OF SURVIVORSHIP TO THE SURVIVOR OF HUSBAND AND
WIFE.

* * *

SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--* * *

(K) PROPERTY SUBJECT TO A POWER OF APPOINTMENT, WHETHER OR
NOT THE POWER IS EXERCISED, AND NOTWITHSTANDING ANY BLENDING OF
SUCH PROPERTY WITH THE PROPERTY OF THE DONEE, IS EXEMPT FROM
INHERITANCE TAX IN THE ESTATE OF THE DONEE OF THE POWER OF
APPOINTMENT, EXCEPT AS PROVIDED IN SECTION 2113.

* * *

(M) TRANSFERS OF PROPERTY TO OR FOR THE USE OF A HUSBAND OR
WIFE OF THE DECEDENT ARE EXEMPT FROM INHERITANCE TAX. PROPERTY
OWNED BY HUSBAND AND WIFE WITH RIGHT OF SURVIVORSHIP IS EXEMPT
FROM INHERITANCE TAX. [IF THE OWNERSHIP WAS CREATED WITHIN THE
MEANING OF SECTION 2107(C)(3), THE ENTIRE INTEREST TRANSFERRED
SHALL BE SUBJECT TO TAX UNDER SECTION 2107(C)(3) AS THOUGH A
PART OF THE ESTATE OF THE SPOUSE WHO CREATED THE CO-OWNERSHIP.]

* * *

SECTION 34. SECTION 2112 OF THE ACT IS AMENDED BY ADDING
SUBSECTIONS TO READ:

SECTION 2112. EXEMPTION FOR POVERTY.--* * *

(F) THE CREDIT PROVIDED IN THIS SECTION SHALL NOT BE GREATER
THAN THE TAX IMPOSED.

(G) THIS SECTION SHALL NOT APPLY TO THE ESTATES OF DECEDENTS
DYING ON OR AFTER JANUARY 1, 1998.

SECTION 35. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 2113. TRUSTS AND SIMILAR ARRANGEMENTS FOR SPOUSES.--
IN THE CASE OF A TRANSFER OF PROPERTY FOR THE SOLE USE OF THE

1 TRANSFEROR'S SURVIVING SPOUSE DURING THE SURVIVING SPOUSE'S
2 LIFETIME, ALL SUCCEEDING INTERESTS WHICH FOLLOW THE INTEREST OF
3 THE SURVIVING SPOUSE SHALL NOT BE SUBJECT TO TAX AS TRANSFERS BY
4 THE TRANSFEROR, BUT RATHER SHALL BE DEEMED TO BE TRANSFERS
5 SUBJECT TO TAX BY THE SURVIVING SPOUSE OF THE PROPERTY HELD IN
6 THE TRUST OR SIMILAR ARRANGEMENT AT THE DEATH OF THE SURVIVING
7 SPOUSE. THE SUCCEEDING INTERESTS SHALL BE VALUED AT THE DEATH OF
8 THE SURVIVING SPOUSE AND TAXED AT THE TAX RATES APPLICABLE TO
9 DISPOSITIONS BY THE SURVIVING SPOUSE. ANY EXEMPTION FROM TAX
10 BASED UPON THE KIND OR LOCATION OF PROPERTY SHALL BE BASED UPON
11 THE KIND OR LOCATION OF PROPERTY HELD IN THE TRUST OR SIMILAR
12 ARRANGEMENT AT THE SURVIVING SPOUSE'S DEATH.

13 SECTION 36. SECTION 2116(A) AND (E) OF THE ACT, ADDED AUGUST
14 4, 1991 (P.L.97, NO.22), ARE AMENDED AND THE SECTION IS AMENDED
15 BY ADDING A SUBSECTION TO READ:

16 SECTION 2116. INHERITANCE TAX.--(A) (1) INHERITANCE TAX
17 UPON THE TRANSFER OF PROPERTY PASSING TO OR FOR THE USE OF ANY
18 OF THE FOLLOWING SHALL BE AT THE RATE OF SIX PER CENT:

19 (I) GRANDFATHER, GRANDMOTHER, FATHER, MOTHER[, HUSBAND,
20 WIFE] AND LINEAL DESCENDANTS; OR

21 (II) WIFE OR WIDOW AND HUSBAND OR WIDOWER OF A CHILD.

22 (1.1) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING
23 TO OR FOR THE USE OF A HUSBAND OR WIFE SHALL BE:

24 (I) AT THE RATE OF THREE PER CENT FOR ESTATES OF DECEDENTS
25 DYING ON OR AFTER JULY 1, 1994, AND BEFORE JANUARY 1, 1996.

26 (II) AT THE RATE OF TWO PER CENT FOR ESTATES OF DECEDENTS
27 DYING ON OR AFTER JANUARY 1, 1996, AND BEFORE JANUARY 1, 1997.

28 (III) AT THE RATE OF ONE PER CENT FOR ESTATES OF DECEDENTS
29 DYING ON OR AFTER JANUARY 1, 1997, AND BEFORE JANUARY 1, 1998.

30 (2) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING TO

OR FOR THE USE OF ALL PERSONS OTHER THAN THOSE DESIGNATED IN
SUBCLAUSE (1) OR (1.1) OR EXEMPT UNDER SECTION 2111(M) SHALL BE
AT THE RATE OF FIFTEEN PER CENT.

(3) WHEN PROPERTY PASSES TO OR FOR THE USE OF A HUSBAND AND
WIFE WITH RIGHT OF SURVIVORSHIP, ONE OF WHOM IS TAXABLE AT A
RATE LOWER THAN THE OTHER, THE LOWER RATE OF TAX SHALL BE
APPLIED TO THE ENTIRE INTEREST.

* * *

(B.1) THE INHERITANCE TAX DUE UPON THE TRANSFER OF PROPERTY
PASSING TO OR FOR THE USE OF A HUSBAND OR WIFE SHALL BE THE
LESSER OF THE TAX IMPOSED UNDER SUBSECTION (A)(1.1) OR THE TAX
DUE AFTER THE ALLOWANCE OF THE CREDIT PROVIDED FOR UNDER SECTION
2112.

* * *

(E) IF THE RATE OF TAX WHICH WILL BE APPLICABLE WHEN [A
FUTURE] AN INTEREST VESTS IN POSSESSION AND ENJOYMENT CANNOT BE
ESTABLISHED WITH CERTAINTY, THE DEPARTMENT, AFTER CONSIDERATION
OF RELEVANT ACTUARIAL FACTORS, VALUATIONS AND OTHER PERTINENT
CIRCUMSTANCES, MAY ENTER INTO AN AGREEMENT WITH THE PERSON
RESPONSIBLE FOR PAYMENT TO ESTABLISH A SPECIFIED AMOUNT OF TAX
WHICH, WHEN PAID WITHIN SIXTY DAYS AFTER THE AGREEMENT, SHALL
CONSTITUTE FULL PAYMENT OF ALL TAX OTHERWISE DUE UPON SUCH
TRANSFER. RIGHTS OF WITHDRAWAL OF A SURVIVING SPOUSE NOT
EXERCISED WITHIN NINE MONTHS OF THE TRANSFEROR'S DEATH SHALL BE
IGNORED IN MAKING SUCH CALCULATIONS.

* * *

SECTION 37. SECTION 2130(1) AND (2) OF THE ACT, ADDED AUGUST
4, 1991 (P.L.97, NO.22), ARE AMENDED TO READ:

SECTION 2130. DEDUCTIONS NOT ALLOWED.--THE FOLLOWING ARE NOT
DEDUCTIBLE:

1 [(1) THE VALUE OF ASSETS CLAIMED FOR THE SPOUSE'S ALLOWANCE
2 UNDER 20 PA.C.S. § 2102 (RELATING TO SHARE OF SURVIVING
3 SPOUSE).]

4 (2) CLAIMS OF A FORMER [OR SURVIVING] SPOUSE, OR OTHERS,
5 UNDER AN AGREEMENT BETWEEN THE FORMER [OR SURVIVING] SPOUSE AND
6 THE DECEDENT, INsofar AS THEY ARISE IN CONSIDERATION OF A
7 RELINQUISHMENT OR PROMISED RELINQUISHMENT OF MARITAL OR SUPPORT
8 RIGHTS.

9 * * *

10 SECTION 38. SECTION 2144 OF THE ACT IS AMENDED BY ADDING A
11 SUBSECTION TO READ:

12 SECTION 2144. SOURCE OF PAYMENT.--* * *

13 (E.1) IN THE ABSENCE OF A CONTRARY INTENT APPEARING IN THE
14 INSTRUMENT CREATING THE TRUST OR SIMILAR ARRANGEMENT AND IN THE
15 ABSENCE OF A CONTRARY DIRECTION BY THE SURVIVING SPOUSE, THE
16 INHERITANCE TAX, INCLUDING INTEREST, DUE AT THE DEATH OF A
17 SURVIVING SPOUSE WITH RESPECT TO A TRUST OR SIMILAR ARRANGEMENT
18 TO WHICH SECTION 2113 IS APPLICABLE SHALL BE PAID OUT OF THE
19 PRINCIPAL OF THE TRUST OR SIMILAR ARRANGEMENT. THE PAYMENT SHALL
20 BE MADE BY THE TRUSTEE OR OTHER FIDUCIARY IN POSSESSION OF THE
21 PROPERTY AND, IF NOT SO PAID, SHALL BE MADE BY THE TRANSFEREE OF
22 SUCH PRINCIPAL.

23 * * *

24 SECTION 39. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

25 ARTICLE XXIII

26 PUBLIC TRANSPORTATION ASSISTANCE FUND

27 SECTION 2301. PUBLIC TRANSPORTATION ASSISTANCE FUND.--(A)
28 THERE IS HEREBY CREATED A SPECIAL FUND IN THE STATE TREASURY TO
29 BE KNOWN AS THE PUBLIC TRANSPORTATION ASSISTANCE FUND. MONEYS
30 DEPOSITED INTO THE FUND AND INTEREST WHICH ACCRUES FROM THOSE

1 FUNDS SHALL BE USED FOR THE PURPOSES DELINEATED IN 74 PA.C.S. §
2 1310 (RELATING TO DISTRIBUTION OF FUNDING).

3 (B) FUNDS RECEIVED UNDER THE PROVISIONS OF THIS SECTION, AS
4 ESTIMATED AND CERTIFIED BY THE SECRETARY OF REVENUE, SHALL BE
5 DEPOSITED WITHIN FIVE DAYS OF THE END OF EACH MONTH INTO THE
6 FUND. UNLESS OTHERWISE SPECIFICALLY NOTED, THE PROVISIONS OF
7 ARTICLE II SHALL APPLY TO THE FEES AND TAXES IMPOSED BY
8 SUBSECTIONS (C), (D) AND (E). UNLESS OTHERWISE SPECIFICALLY
9 NOTED, THE PROVISIONS OF ARTICLE XI-A SHALL APPLY TO THE TAX
10 IMPOSED UNDER SUBSECTION (F).

11 (C) THERE IS HEREBY IMPOSED A FEE ON EACH SALE IN THIS
12 COMMONWEALTH OF NEW TIRES FOR HIGHWAY USE AT THE RATE OF ONE
13 DOLLAR (\$1) PER TIRE. THE FEE SHALL BE COLLECTED BY THE SELLER
14 FROM THE PURCHASER AND REMITTED TO THE DEPARTMENT OF REVENUE. NO
15 EXCLUSIONS OR EXEMPTIONS, OTHER THAN THOSE FOR GOVERNMENTAL
16 ENTITIES PROVIDED UNDER ARTICLE II, SHALL APPLY TO THE FEES AND
17 TAXES IMPOSED BY THIS SECTION.

18 (D) THERE IS HEREBY IMPOSED ON EACH LEASE OF A MOTOR VEHICLE
19 SUBJECT TO TAX UNDER ARTICLE II AN ADDITIONAL TAX OF THREE PER
20 CENT OF THE TOTAL LEASE PRICE CHARGED. AS USED IN THIS
21 SUBSECTION, THE TERM "MOTOR VEHICLE" DOES NOT INCLUDE TRUCKS IN
22 CLASS 4 OR HIGHER AS DEFINED IN 75 PA.C.S. § 1916(A)(1)
23 (RELATING TO TRUCKS AND TRUCK TRACTORS).

24 (E) THERE IS HEREBY IMPOSED ON EACH RENTAL OF A MOTOR
25 VEHICLE SUBJECT TO TAX UNDER ARTICLE II A FEE OF TWO DOLLARS
26 (\$2) FOR EACH DAY OR PART OF A DAY FOR WHICH THE VEHICLE IS
27 RENTED.

28 (F) EVERY ENTITY REQUIRED TO PAY THE TAX IMPOSED UNDER
29 ARTICLE XI-A SHALL, IN ADDITION TO THAT TAX, PAY AN ADDITIONAL
30 TAX OF TWELVE (12) MILLS UPON EACH DOLLAR OF THE STATE TAXABLE

1 VALUE OF ITS UTILITY REALTY AT THE END OF THE PRECEDING CALENDAR
2 YEAR.

3 SECTION 40. SECTION 3003(A) AND (B) OF THE ACT, AMENDED
4 OCTOBER 14, 1988 (P.L.737, NO.106) AND AUGUST 4, 1991 (P.L.97,
5 NO.22), ARE AMENDED TO READ:

6 SECTION 3003. PREPAYMENT OF TAX.--(A) NOTWITHSTANDING THE
7 PROVISIONS OF THIS ACT, OR ANY OTHER STATE TAX LAW TO THE
8 CONTRARY, WHICH REQUIRED TAXPAYERS TO MAKE PAYMENT OF TENTATIVE
9 TAX, INCLUDING BUT NOT LIMITED TO THE CAPITAL STOCK AND
10 FRANCHISE TAX, CORPORATE NET INCOME AND CORPORATION INCOME TAX,
11 GROSS RECEIPTS TAX ON PUBLIC SERVICE COMPANIES, TRANSPORTATION
12 BY MOTOR VEHICLES AND TRACKLESS TROLLEYS, OTHER THAN MOTOR
13 VEHICLES FOR HIRE, INSURANCE PREMIUMS TAX, MUTUAL THRIFT
14 INSTITUTIONS TAX, NET EARNINGS TAX, OR OTHER SIMILAR TAX LAW
15 REQUIRING PAYMENT OF TENTATIVE TAX, BUT EXCLUDING THE PREPAYMENT
16 BY [BANKS] INSTITUTIONS UNDER ARTICLE VII [OR XVI] AND TITLE
17 INSURANCE [AND TRUST] COMPANIES UNDER ARTICLE VIII [OR XVI], AND
18 PUBLIC UTILITIES UNDER ARTICLE XI-A OF THIS ACT, SUCH TAXPAYERS,
19 COMMENCING WITH THE CALENDAR YEAR 1970 AND FISCAL YEARS
20 BEGINNING DURING THE CALENDAR YEAR 1970 AND EACH TAXABLE YEAR
21 THEREAFTER, ON OR BEFORE THE FIFTEENTH DAY OF MARCH FOR CALENDAR
22 YEAR TAXPAYERS, AND ON OR BEFORE THE FIFTEENTH DAY OF THE THIRD
23 MONTH AFTER THE CLOSE OF ITS PREVIOUS FISCAL YEAR FOR FISCAL
24 YEAR TAXPAYERS, SHALL REPORT ANNUALLY AND PAY ON ACCOUNT OF THE
25 TAX DUE FOR THE CURRENT YEAR, AN AMOUNT TO BE COMPUTED BY
26 APPLYING THE CURRENT TAX RATE TO NINETY PER CENT OF SUCH TAX
27 BASE FROM THE IMMEDIATE PRIOR YEAR AS MAY BE APPLICABLE WITH
28 RESPECT TO THE TAX BEING REPORTED.

29 (B) FOR THE TAXABLE YEARS COMMENCING WITH CALENDAR YEAR 1979
30 AND FOR EACH TAXABLE YEAR THEREAFTER, THE TENTATIVE TAX DUE FOR

1 THE CURRENT YEAR SHALL BE COMPUTED BY APPLYING THE CURRENT TAX
2 RATE TO NINETY PER CENT OF SUCH TAX BASE FROM THE YEAR PRECEDING
3 THE IMMEDIATE PRIOR YEAR AS MAY BE APPLICABLE WITH RESPECT TO
4 THE TAX BEING REPORTED; EXCEPT THAT WITH RESPECT TO THE
5 AFORESAID GROSS RECEIPTS TAX ON PUBLIC SERVICE COMPANIES,
6 TRANSPORTATION BY MOTOR VEHICLES AND TRACKLESS TROLLEYS, OTHER
7 THAN MOTOR VEHICLES FOR HIRE, AND THE AFORESAID INSURANCE
8 PREMIUMS TAX, SUCH AMOUNT SHALL CONTINUE TO BE COMPUTED BY
9 APPLYING THE CURRENT TAX RATE TO NINETY PER CENT OF THE TAX BASE
10 FROM THE IMMEDIATE PRIOR YEAR AS MAY BE APPLICABLE WITH RESPECT
11 TO THE TAX BEING REPORTED; EXCEPT THAT CORPORATIONS SHALL NOT BE
12 REQUIRED TO REPORT OR PAY TENTATIVE TAX WITH RESPECT TO THE
13 CORPORATE NET INCOME TAX ON ACCOUNT OF ANY TAXABLE YEAR
14 COMMENCING WITH CALENDAR YEAR 1986 AND EACH TAXABLE YEAR
15 THEREAFTER; EXCEPT THAT CORPORATIONS SHALL NOT BE REQUIRED TO
16 REPORT OR PAY TENTATIVE TAX WITH RESPECT TO THE CAPITAL STOCK
17 AND FRANCHISE TAX ON ACCOUNT OF ANY TAXABLE YEAR COMMENCING WITH
18 CALENDAR YEAR 1988 AND EACH TAXABLE YEAR THEREAFTER; EXCEPT THAT
19 THE TENTATIVE TAX WITH RESPECT TO THE MUTUAL THRIFT
20 INSTITUTION'S TAX FOR CALENDAR YEAR 1988 AND FISCAL YEARS
21 BEGINNING IN 1988 SHALL BE COMPUTED BY APPLYING THE CURRENT TAX
22 RATE TO NINETY PER CENT OF THE TAX BASE FROM THE IMMEDIATE PRIOR
23 YEAR; AND EXCEPT THAT THE MUTUAL THRIFT INSTITUTION SHALL NOT BE
24 REQUIRED TO REPORT OR PAY TENTATIVE TAX WITH RESPECT TO THE
25 MUTUAL THRIFT INSTITUTION'S TAX ON ACCOUNT OF ANY TAXABLE YEAR
26 COMMENCING WITH TAX YEAR 1992 AND ANY TAXABLE YEAR THEREAFTER.

27 THE TAX IMPOSED ON SHARES OF [BANKS] INSTITUTIONS AND TITLE
28 INSURANCE [AND TRUST] COMPANIES[, THE TAX IMPOSED BY ARTICLE
29 XVI] AND THE TAX IMPOSED ON PUBLIC UTILITY REALTY SHALL BE PAID
30 IN THE MANNER AND WITHIN THE TIME PRESCRIBED BY ARTICLE VII,

ARTICLE VIII OR ARTICLE XI-A, AS THE CASE MAY BE, BUT SUBJECT TO THE ADDITIONS AND INTEREST PROVIDED IN SUBSECTION (E) OF THIS SECTION.

* * *

SECTION 41. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

SECTION 3005. REFUND PETITIONS.--(A) EFFECTIVE JANUARY 1, 1995, PETITIONS FOR REFUND OF TAXES, PENALTIES, FINES, ADDITIONS AND OTHER MONEYS COLLECTED BY THE DEPARTMENT OF REVENUE EXCEPT THOSE CLAIMS FOR REFUNDS OF LIQUID FUELS TAXES PAID BY POLITICAL SUBDIVISIONS, FARMERS, NON-PUBLIC SCHOOLS NOT OPERATED FOR PROFIT, VOLUNTEER FIRE COMPANIES, VOLUNTEER RESCUE SQUADS, VOLUNTEER AMBULANCE SERVICES, USERS OF LIQUID FUEL IN PROPELLER-DRIVEN AIRCRAFT OR ENGINES AND AGENCIES OF THE FEDERAL GOVERNMENT AND OF THE COMMONWEALTH AND THE BOAT FUND OF THE PENNSYLVANIA FISH AND BOAT COMMISSION SHALL BE HEARD AND DETERMINED BY THE DEPARTMENT OF REVENUE AS PROVIDED IN THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS "THE FISCAL CODE," AND THE DEPARTMENT OF REVENUE SHALL THEREAFTER HAVE THE POWERS AND DUTIES FORMERLY GRANTED TO THE BOARD OF FINANCE AND REVENUE WITH RESPECT TO SUCH REFUNDS. ALSO EFFECTIVE JANUARY 1, 1995, THE BOARD OF FINANCE AND REVENUE SHALL NO LONGER HAVE THE POWER AND DUTY TO HEAR AND DETERMINE ANY PETITION FOR REFUND OF TAXES, PENALTIES, FINES, ADDITIONS OR OTHER MONEYS COLLECTED BY THE DEPARTMENT OF REVENUE, EXCEPT THAT THEREAFTER THE BOARD MAY EITHER HEAR AND DETERMINE ANY SUCH PETITIONS FILED WITH IT PRIOR TO JANUARY 1, 1995, OR IT MAY TRANSFER SUCH PETITIONS TO THE DEPARTMENT OF REVENUE.

(B) APPEALS.--THE DECISION OF THE DEPARTMENT OF REVENUE ON A PETITION FOR REFUND UNDER THIS SECTION MAY, IN THE FIRST INSTANCE, BE APPEALED TO THE BOARD OF FINANCE AND REVENUE IN THE

1 MANNER PROVIDED BY SECTION 1103 OF "THE FISCAL CODE" EXCEPT THAT
2 THE BOARD OF FINANCE AND REVENUE SHALL ACT FINALLY IN
3 DISPOSITION OF SUCH PETITIONS WITHIN TWELVE MONTHS AFTER THEY
4 HAVE BEEN RECEIVED.

5 SECTION 3006. TIMELY FILING.--A TAXPAYER SHALL BE DEEMED TO
6 HAVE TIMELY FILED A PETITION FOR RESETTLEMENT, A PETITION FOR
7 REASSESSMENT, A PETITION FOR REDETERMINATION, OR ANY OTHER
8 PROTEST RELATING TO THE ASSESSMENT OF TAX OR ANY OTHER MATTER
9 RELATING TO ANY TAX IMPOSED BY THIS ACT IF THE LETTER
10 TRANSMITTING THE PETITION IS RECEIVED BY THE DEPARTMENT OF
11 REVENUE OR IS POSTMARKED BY THE UNITED STATES POSTAL SERVICE ON
12 OR PRIOR TO THE FINAL DAY ON WHICH THE PETITION IS REQUIRED TO
13 BE FILED.

14 SECTION 3007. FAILURE TO MAKE PAYMENT BY ELECTRONIC FUND
15 TRANSFER.--ANY PERSON WHO FAILS TO MAKE A PAYMENT COVERED BY
16 SECTION 9 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN
17 AS "THE FISCAL CODE," BY A METHOD PRESCRIBED IN THAT SECTION
18 SHALL IN ADDITION TO ANY OTHER PENALTY, INTEREST OR ADDITION
19 PROVIDED BY LAW, BE LIABLE FOR A PENALTY OF THREE PER CENT OF
20 THE TOTAL TAX DUE, NOT EXCEEDING ONE THOUSAND DOLLARS (\$1,000).

21 SECTION 3008. METHOD OF FILING.--(A) NOTWITHSTANDING ANY
22 PROVISION OF LAW, THE DEPARTMENT OF REVENUE MAY ALLOW THE
23 ELECTRONIC FILING OF ANY TAX RETURN OR DOCUMENTS.

24 (B) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT OF
25 REVENUE MAY DETERMINE ALTERNATIVE METHODS FOR THE SIGNING,
26 SUBSCRIBING OR VERIFYING OF A RETURN, STATEMENT OR OTHER
27 DOCUMENT THAT SHALL HAVE THE SAME VALIDITY AND CONSEQUENCES AS
28 THE ACTUAL SIGNING BY THE TAXPAYER.

29 SECTION 3009. BAD CHECKS.--IF ANY CHECK IN PAYMENT OF ANY
30 AMOUNT RECEIVABLE UNDER ARTICLES IV, VI, VII, IX, XI OR XXX IS

1 NOT PAID UPON PRESENTMENT, IN ADDITION TO ANY OTHER PENALTIES
2 PROVIDED BY LAW, THE DEPARTMENT OF REVENUE SHALL CHARGE THE
3 PERSON WHO TENDERED SUCH CHECK A FEE EQUAL TO TEN PERCENT OF THE
4 FACE AMOUNT THEREOF, PLUS ANY PROTEST FEES, PROVIDED THAT THE
5 ADDITION IMPOSED HEREBY SHALL NOT EXCEED FIVE HUNDRED DOLLARS
6 (\$500) NOR BE LESS THAN TEN DOLLARS (\$10).

7 SECTION 42. (A) THE FOLLOWING ACTS AND PARTS OF ACTS ARE
8 REPEALED:

9 Act of May 23, 1919 (P.L.239, No.131), entitled "An act
10 requiring the county commissioners of the several counties and
11 all collectors and assessors of taxes for local purposes in this
12 Commonwealth, to furnish to the Secretary of Internal Affairs,
13 or his representatives, any and all other statistics and
14 information relating to the collection and assessing of said
15 taxes, in addition to those required to be furnished under
16 existing laws, as may be demanded by him."

17 Act of July 2, 1937 (P.L.2797, No.584), entitled, as amended,
18 "An act requiring collectors of city, county, borough, town,
19 township, and school district taxes, to file certain reports
20 with the quarter sessions court and the Department of Community
21 Affairs; directing such department to prepare and furnish forms
22 for such reports, making such reports available for public
23 inspection; and making violation of the act a misdemeanor."

24 ~~Section 2. This act shall take effect immediately.~~ <—

25 ACT OF NOVEMBER 29, 1967 (P.L.636, NO.292), KNOWN AS THE <—
26 NEIGHBORHOOD ASSISTANCE ACT.

27 74 PA.C.S. § 1314.

28 (B) THE FOLLOWING STATUTORY PROVISIONS ARE HEREBY REPEALED
29 TO THE EXTENT THAT THEY CONFLICT WITH THE PROVISIONS OF THIS ACT
30 FOR FILING WITH THE BOARD OF FINANCE AND REVENUE OF PETITIONS

1 FOR THE REFUND OF TAXES AND OTHER MONEYS COLLECTED BY THE
2 DEPARTMENT OF REVENUE:

3 SECTION 1104.1 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176),
4 KNOWN AS THE FISCAL CODE.

5 SECTION 17 OF THE ACT OF MAY 21, 1931 (P.L.149, NO.105),
6 KNOWN AS THE LIQUID FUELS TAX ACT.

7 SECTION 21 OF THE ACT OF DECEMBER 5, 1933 (SP.SESS., P.L.38,
8 NO.6), KNOWN AS THE SPIRITUOUS AND VINOUS LIQUOR TAX LAW.

9 SECTION 16 OF THE ACT OF JANUARY 14, 1952 (1951 P.L.1965,
10 NO.550), KNOWN AS THE FUEL USE TAX ACT.

11 SECTIONS 346, 347, 1254, 2009, 2181 AND 3003.1 OF THE ACT OF
12 MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF
13 1971.

14 75 PA.C.S. §§ 9604 AND 9611.

15 (C) THE PROVISIONS OF 15 PA.C.S. § 9501(C) ARE REPEALED TO
16 THE EXTENT THAT THEY WOULD AFFECT ANY TAX IMPOSED UNDER ARTICLES
17 III, IV OR VI OF THE ACT FOR ANY TAXABLE YEAR BEGINNING ON OR
18 AFTER JANUARY 1, 1995.

19 (D) THE FOLLOWING ACTS OR PARTS OF ACTS ARE REPEALED INSOFAR
20 AS THEY ARE INCONSISTENT WITH THE PROVISIONS OF ARTICLE II-A:

21 SECTION 3153-B OF THE ACT OF JULY 28, 1953 (P.L.723, NO.230),
22 KNOWN AS THE SECOND CLASS COUNTY CODE.

23 SECTION 504(B) OF THE ACT OF JUNE 5, 1991 (P.L.9, NO.6),
24 KNOWN AS THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
25 AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.

26 (E) THE PROVISIONS OF 66 PA.C.S. § 1509 ARE REPEALED INSOFAR
27 AS THEY ARE INCONSISTENT WITH THIS ACT.

28 SECTION 43. THIS ACT SHALL APPLY AS FOLLOWS:

29 (1) THE AMENDMENT OF SECTIONS 301, 401 AND 601 OF THE
30 ACT PERTAINING TO BUSINESS TRUSTS AND NET LOSS DEDUCTIONS

1 SHALL APPLY TO ALL TAXABLE YEARS BEGINNING ON OR AFTER
2 JANUARY 1, 1995.

3 (2) THE AMENDMENT OR ADDITION OF SECTIONS 304 AND 324
4 AND THE DEFINITION OF "CAPITAL STOCK VALUE" IN SECTION 601 OF
5 THE ACT SHALL APPLY WITH RESPECT TO ANY TAXABLE YEAR
6 BEGINNING ON OR AFTER JANUARY 1, 1994.

7 (3) THE AMENDMENT OR ADDITION OF SECTIONS IN ARTICLES
8 VII, VII-A, VIII, VIII-A AND SECTION 3003 OF THE ACT SHALL
9 APPLY TO THE TAXABLE YEAR BEGINNING JANUARY 1, 1995, AND EACH
10 TAXABLE YEAR THEREAFTER.

11 (4) (I) THE AMENDMENT OR ADDITION OF SECTIONS 2112(F)
12 AND (G) AND 2116(A), (B.1) AND (E) OF THE ACT SHALL APPLY
13 TO THE ESTATES OF ALL DECEDENTS DYING ON OR AFTER JULY 1,
14 1994, AND TO INTER VIVOS TRANSFERS MADE BY DECEDENTS
15 DYING ON OR AFTER JULY 1, 1994, REGARDLESS OF THE DATE OF
16 THE TRANSFER.

17 (II) THE REMAINDER OF THE AMENDMENT OR ADDITION OF
18 ARTICLE XXI OF THE ACT SHALL APPLY TO THE ESTATES OF
19 DECEDENTS DYING ON OR AFTER JANUARY 1, 1998, AND TO INTER
20 VIVOS TRANSFERS MADE BY DECEDENTS DYING ON OR AFTER
21 JANUARY 1, 1998, REGARDLESS OF THE DATE OF THE TRANSFER.

22 SECTION 44. THE AMENDMENT OF SECTION 402 OF THE ACT SHALL BE
23 RETROACTIVE TO JANUARY 1, 1994.

24 SECTION 45. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

25 (1) THE AMENDMENT OR ADDITION OF SECTIONS 204(51),
26 281.2(B) AND (D) AND ARTICLE XXIII OF THE ACT SHALL TAKE
27 EFFECT APRIL 1, 1995.

28 (2) THE AMENDMENT OF SECTION 359 AND THE ADDITION OF
29 ARTICLE XVI-A OF THE ACT SHALL TAKE EFFECT IN 60 DAYS.

30 (3) SECTION 42(B) AND (C) OF THIS ACT SHALL TAKE EFFECT

1 JANUARY 1, 1995.

2 (4) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT JULY 1,
3 1994, OR IMMEDIATELY, WHICHEVER IS LATER.